Supreme Court, U.S.
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No. 10-101019

IN THE

Supreme Court of the United States

ABBYY PRODUCTION, LLC,
Petitioner,

v.

NUANCE COMMUNICATIONS, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Where a treaty between the United States and the Russian Federation applies and governs service of process on a Russian national in Russia, may a U.S. litigant elect to bypass the treaty's requirements in favor of a more convenient means of service of process if evidence suggests that Russia in the past failed to perform under the treaty?

2. Is a Russian software developer's act of electronically shipping a master copy of software to a nonexclusive licensee in California an act of importation under 35 U.S.C. § 271 upon which a federal court may assert personal jurisdiction over the Russian developer consistent with due process?

RULE 14.1(b) STATEMENT – PARTIES

The following were parties to the proceedings in the United States Court of Appeals for the Federal Circuit:

1. ABBYY Production, LLC, Defendant-Appellee, Petitioner on Review
2. Nuance Communications, Inc., Plaintiff-Appellant, Respondent on Review
3. ABBYY Software House, Defendant-Appellee
4. ABBYY USA Software House, Inc., Defendant-Appellee
5. Lexmark International, Inc., Defendant-Appellee
6. ABBYY Software, Ltd., Defendant-Appellee

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Petitioner ABBYY Production, LLC is a Russian corporation. ABBBY Software, Ltd. is a Cypriot corporation that owns 100% of the stock of ABBY Production, LLC. No other parent corporation or publicly held corporation owns 10% or more of the stock of Petitioner ABBYY Production, LLC.

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IN THE

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No. 10-____

ABBYY PRODUCTION, LLC,
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v.

NUANCE COMMUNICATIONS, INC.,
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On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

ABBYY Production, LLC ("ABBYY Production") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the United States District Court for the Northern District of California dismissing for lack of personal jurisdiction and insufficient service the amended complaint filed by Respondent Nuance Communications, Inc. ("Nuance") against ABBYY Production is unreported. App., *infra* 2a. The opinion of the United States Court of Appeals for the Federal Circuit reversing in part the district court's

judgment dismissing the amended complaint is reported at 626 F.3d 1222. App., *infra* 10a.

JURISDICTION

The judgment of the Court of Appeals was entered on November 12, 2010. The jurisdiction of the United States Supreme Court is invoked in a timely manner under 28 U.S.C. § 1254.

STATUTORY PROVISIONS INVOLVED

The first question presented involves Fed. R. Civ. P. 4, which is set forth at App., *infra* 40a, and the Convention on Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial Matters, Nov. 15, 1965 (Hague Service Convention), [1969] 20 U.S.T. 361, which is set forth at App., *infra* 50a.

The second question presented involves 35 U.S.C. § 271, which is set forth at App., *infra* 64a.

STATEMENT OF THE CASE

This case involves two important issues concerning both the means and the propriety of haling a foreign national into a federal court for an alleged violation of United States patent laws. The first issue involves the Federal Circuit's decision to ignore the requirements of the Hague Service Convention, an applicable treaty between the United States and the Russian Federation. The second issue involves the Federal Circuit's decision that a foreign software developer's importation into the United States of a master copy of software to a domestic corporation constitutes "minimum contacts" sufficient to support personal jurisdiction. The Federal Circuit's resolution of these issues conflicts with relevant precedents from this

Court as well as precedents from other United States Courts of Appeals. Supreme Court Rule 10(a) and (c).

The petition in this case should be granted because it presents the twin issues of whether a treaty is mandatory in circumstances that this Court has said it is and whether the U.S. patent laws stop at U.S. borders as this Court has said they do.

1. Factual Background. On or about February 19, 2008, Respondent Nuance sued ABBYY USA Software House, Inc. ("ABBYY USA") and Lexmark International, Inc. for alleged infringement of certain patents owned by Nuance relating to "methods and systems for performing optical character recognition, recognizing documents, and managing documents." App., *infra* 12a.[1] Over a year later, on April 3, 2009, Nuance filed an amended complaint in which it named ABBYY Production and ABBYY Software, Ltd. ("ABBYY Software"), making allegations that these entities had also infringed Nuance's patents by "making, using, selling, and/or offering to sell in this country, and/or importing into this country" certain software products. App., *infra* 12a.

No one disputes that instead of serving ABBYY Production in Russia through the means to which the United States and the Russian Federation agreed in the Hague Service Convention, Nuance attempted to serve ABBYY Production in Moscow, Russia on May 7, 2009 by personally delivering a copy of the amended complaint and summons to an individual who identified herself as a manager of ABBYY Production. Opening Brief of Appellant Nuance Communications, pp. 13-14.

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[1] The district court had jurisdiction under 28 U.S.C. § 1331.

2. **The Trial Court Proceeding.** ABBYY Production and ABBYY Software moved to dismiss the amended complaint. ABBYY Software argued that it merely holds the stock of ABBYY Production and ABBYY USA and takes no actions in the United States. Motion to Dismiss, p. 8, Dist. Ct. Dkt. No. 108. ABBYY Production argued that it had no physical presence in the State of California, sold no products there, did not purposefully direct any activities at residents of California and lacked minimum contacts in that forum. *Id.* at pp. 6-11. ABBYY Production also moved to dismiss for insufficient service of process because Nuance simply delivered the summons and complaint to ABBYY Production personally in Russia and never attempted to follow the procedures set forth in the Hague Convention between the United States and Russia. *Id.* at pp. 4-5.

The United States District Court for the Northern District of California dismissed ABBYY Production and ABBYY Software both for insufficiency of service of process and lack of personal jurisdiction. Regarding service, the District Court first concluded that Fed. R. Civ. P. 4(h)(2) applied because both ABBYY Production and ABBYY Software are foreign corporations. App., *infra* 3a. The Court noted that "Rule 4(h)(2) provides that a foreign corporation may be served in 'a place not within any judicial district of the United States, in any manner prescribed by Rule 4(f) for serving an individual, except for personal delivery * * *'." App., *infra* 3a-4a (quoting Fed. R. Civ. App. 4(h)(2)). Rule 4(f), for its part, provides that service abroad is to be effected "by any internationally agreed means of service that is reasonably calculated to give notice, such as the Hague Treaty on the Service Abroad of Judicial and Extrajudicial

Documents." App., *infra* 4a (quoting Fed. R. App. 4(f)).

Relying on this Court's holding in *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694 (1988) ("*Schlunk*"), that the Hague Service Convention "preempts all state and federal service rules in those countries that signed the treaty[,]" the District Court held that Nuance's failure to serve ABBYY Production and ABBYY Software in accordance with the Hague Service Convention mandated dismissal. App., *infra* 3a-5a. In response to Nuance's contention that the Hague Convention was "not an agreed-upon means for service of process in Russia because the Russian Federation has unilaterally suspended all judicial cooperation with the United States in civil matters," the District Court stated: "There is no authority for this proposition and nothing before the Court indicates that the Hague Convention is not the proper vehicle for service of the foreign defendants in this matter." App., *infra* 5a.

Regarding personal jurisdiction, the District Court concluded that neither ABBYY Production nor ABBYY Software "purposefully directed any specific activity at residents of California or within the forum state or that the plaintiff's claim arises out of or relates to those activities." App., *infra* 8a. The District Court was unwilling "to impute the contacts" of ABBYY USA, a domestic wholly-owned subsidiary of ABBYY Software, to either ABBYY Production or ABBYY Software nor did it find any "evidence . . . upon which to determine that the separate defendant's corporate forms should be disregarded." App., *infra* 7a.

3. The Federal Circuit's Decision. The Federal Circuit reversed. Regarding service on ABBYY Production, the Federal Circuit held, without addressing this Court's decision in *Schlunk*, that the District Court erred "in requiring service of ABBYY Production under the Hague Service Convention." App., *infra* 32a. In deciding that the Hague Convention was not mandatory, the Federal Circuit relied on: (1) a circular from the United States Bureau of Consular Affairs stating that requests sent via diplomatic channels or directly by litigants to the Russian Central Authority under the Hague Convention had been returned unexecuted; (2) a statement by the U.S. State Department on its website that the Russian Federation had unilaterally suspended in 2003 all judicial cooperation with the United States in civil and commercial matters; and (3) a declaration by a process server that the Russian Federation did not consider the Hague Convention to be in effect between Russia and the United States, making service under the Hague Convention impossible. App., *infra* 31a-32a. Based on this information, the Federal Circuit concluded that Russia, a signatory to the Hague Convention, had "categorically refused to effect service," so that a domestic plaintiff such as Nuance was excused from even making an attempt at service through the Hague Service Convention procedures. App., *infra* 32a.

Having rejected the Hague Convention's mandatory application in this case, the Federal Circuit did *not* uphold Nuance's personal service on ABBYY Production in Moscow because the court was unable to conclude that "the laws of the Russian Federation permit Nuance to personally serve ABBYY Production in its courts of general jurisdiction." App., *infra* 33a-34a. Instead, the Federal Circuit concluded that,

under Rule 4(f) (as applicable under Rule 4(h)(2)), federal courts have discretionary authority to direct service by other means not prohibited by international agreements, thus making the Hague Convention's obligations optional at the behest of U.S. litigants. App., *infra* 34a. Exercising this purported authority, the Federal Circuit directed the District Court on remand "to allow alternate service as it deems appropriate, including at least substitute service, pursuant to Rule 4(f)(3), of Abbyy Production by substitute service on Abbyy USA." App., *infra* 37a.

Regarding the issue of personal jurisdiction, the Federal Circuit held that ABBYY Production "purposefully directed its activities at residents of California" and that Nuance's claims arose out of and were related to these "purposefully directed activities." App., *infra* 21a-22a. In reaching these conclusions, the Federal Circuit relied heavily on ABBYY Production's purported distribution of the accused software in California through its license agreement with ABBYY USA. App., *infra* 21a-22a, 23a-24a. As such, the Federal Circuit viewed the act of sending the master copy of the accused software to ABBYY USA according to the terms of the license agreement to constitute an act of importation by ABBYY Production pursuant to 35 U.S.C. § 271(a) for which Nuance could seek relief in federal district court. App., *infra* 16a, 22a.[2] The Federal Circuit reached this conclu-

[2] Although the Federal Circuit relied most heavily on the fact that ABBYY Production provided master copies of the accused software to ABBYY USA in California, the court also relied on the fact that ABBYY USA and ABBYY Production were "commonly owned sister companies operating under a Global Management Team." App., *infra* 21a.

sion notwithstanding ABBYY Production's undisputed lack of physical presence in the State of California. *Id.*

REASONS FOR GRANTING THE PETITION

I. Under the Federal Circuit's Decision, U.S. Litigants May Now Decide Whether U.S. Promises Under the Hague Service Convention Should Be Kept.

At issue in this case is a treaty between the U.S. and Russia, the Hague Service Convention. In *Schlunk*, this Court held that the Hague Service Convention is the supreme law of the land like any other treaty if state law directs that the Convention is applicable: "If the internal law of the forum state defines the applicable method of serving process as requiring the transmittal of documents abroad, then the Hague Service Convention applies." *Schlunk*, 486 U.S. at 700; *see also id.* at 699 ("By virtue of the Supremacy Clause, U.S. Const., Art. VI, the Convention pre-empts inconsistent methods of service prescribed by state law in all cases to which it applies.").

The Federal Circuit's decision that a U.S. litigant may decide on the means of service, the Hague Convention being among them, where the U.S. litigant finds the foreign country's past performance under the treaty unsatisfactory not only conflicts with *Schlunk* but also renders the Convention a dead letter. The Federal Circuit's ruling is broad enough to include cases where the litigant has no grounds on which to find the Hague Convention signatory's past performance wanting. Therefore, the litigant in all cases need not be troubled with the treaty if some other means of service in the United States is more convenient.

Moreover, the Federal Circuit decision conflicts with a Ninth Circuit decision following *Schlunk* and holding that compliance with the Hague Convention is mandatory. Thus, should the Federal Circuit decision stand, a conflict will exist between the circuits and the Hague Service Convention will be optional for all litigants outside the Ninth Circuit who successfully advocate for the Federal Circuit rule.

A. The Federal Circuit Decision Conflicts with *Schlunk* and Renders the Treaty with Russia a Dead Letter.

The Hague Convention is mandatory when the forum's state law provides that it applies. *Schlunk*, 486 U.S. at 700. Notwithstanding this Court's precedent, the Federal Circuit declined to follow the forum's state law here that makes the Convention applicable in the plainest of terms: "[A] summons shall be served on a person . . . [o]utside the United States, as provided in this chapter . . . . *These rules are subject to the provisions of the Convention* on the 'Service Abroad of Judicial and Extrajudicial Documents' in Civil or Commercial Matters (Hague Service Convention)." Cal. Code Civ. Proc. § 413.10(c) (West 2011) (emphasis added). *See also Denlinger v. Chinadotcom Corp.*, 2 Cal. Rptr. 3d 530, 533 (6th Dist. 2003) ("It is undisputed that the Convention applies in this case. *See* Code Civ. Proc., § 413.10, subd. (c).)"); *Floveyor Int'l, Ltd. v. Superior Court ex rel. Shick Tube-Veyor Corp.*, 69 Cal. Rptr. 2d 457, 460 (2d Dist. 1997) ("Because [the defendant] is a British corporation located in England, [the plaintiff] was required to serve it there pursuant to the provisions of the Hague Convention. Failure to comply with the Convention renders the service void, even if the

defendant has actual notice of the lawsuit." (internal citations omitted)).

Instead of looking to state law as this Court directs, the Federal Circuit fashioned a new rule so dynamic as to render the Hague Convention a mere procedural nicety without any force or effect. Indeed, the Federal Circuit held, "the district court erred in requiring service of Abbyy Production under the Hague Service Convention." App., *infra* 32a. As support for its holding that the Hague Convention is not mandatory but optional before alternate means of service may be employed, the Federal Circuit relied on unpublished decisions of the district courts for the proposition that "Rule 4 'was not intended to burden plaintiffs with the [S]isyphean task of attempting service through the Hague Convention procedures when a member state has categorically refused' to effect service." App., *infra* 32a (quoting *Arista Records, LLC v. Media Servs. LLC*, No. 06-15319, 2008 WL 563470, at *1 (S.D.N.Y. Feb. 25, 2008)).

Moreover, broadly fashioning a rule that will apply even if a Hague Convention signatory is cooperating, the Federal Circuit held, "'Rule 4(f)(3) is not subsumed within or in any way dominated by Rule 4(f)'s other subsections; it stands independently, on equal footing.'" App., *infra* 34a (quoting *Rio Props., Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1015 (9th Cir. 2002)).

The Federal Circuit's decision renders the Hague Service Convention a nullity because, under its rule, a litigant need not even attempt service through the Convention before resorting to alternate methods provided by Rule 4 or state law. This rule of course cannot be squared with *Schlunk*. This permissive regime also runs afoul of Rule 4, which accords the

Hague Convention the primacy this Court directed in *Schlunk*. Thus, the Advisory Committee Notes to the 1993 Amendments to Rule 4 provide in pertinent part with respect to Rule 4(f)(1):

> Use of the Convention procedures, when available, is mandatory if documents must be transmitted abroad to effect service. *See Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694 (1988) . . . . Therefore, this paragraph provides that, when service is to be effected outside a judicial district of the United States, the methods of service appropriate under an applicable treaty shall be employed if available and if the treaty so requires.

The mandatory effect of the Hague Convention where it applies is also reflected throughout Rule 4. Rule 4(h)(2), applicable here because ABBYY Production must be served outside the United States, provides that the company "*must be* served . . . in any manner prescribed by Rule 4(f) for serving an individual, except personal delivery under (f)(2)(C)(i)." App. *infra* 45a (emphasis added). Rule 4(f)(1) then provides for service by "any internationally agreed means of service" such as those means authorized by the Hague Convention. App., *infra* 43a. Rule 4(f) also lists several alternate means of service that are all expressly qualified for use, *i.e.*, "if there is no internationally agreed means, or if an international agreement allows but does not specify other means," Rule 4(f)(2), or if the other means are "not prohibited by international agreement . . . ." Rule 4(f)(3). App., *infra* 44a. Hence, in disregard of its plain language, the Federal Circuit opinion transforms Rule 4 from a rule that explicitly accords the Hague Convention mandatory effect where applicable to a

rule with exceptions that swallow whatever mandatory effect this Court's precedent accords it.

By leaving the Hague Convention to the option of a U.S. litigant, the Federal Circuit has violated the principle of separation of powers. This is true because the executive branch entered into a treaty with Russia on how U.S. litigants would serve Russian nationals in Russia. The Senate ratified that treaty. Now, based on evidence that Russia failed to perform under the treaty in the past by not delivering the process according to the terms of the treaty, the Federal Circuit decided that U.S. litigants need not keep the promises the executive branch made to Russia, in essence, abrogating the treaty.

This is not an appropriate exercise of judicial authority. As stated by this Court in *Head Money Cases*, 112 U.S. 580, 598 (1894):

> A treaty is primarily a compact between individual nations. It depends for the enforcement of its provisions on the interest and the honor of the governments which are parties to it. If these fail, its infraction becomes the subject of international negotiations and reclamations, so far as the injured party chooses to seek redress * * *. It is obvious that with all this the judicial courts have nothing to do and can give no redress.

To the extent that the United States is aggrieved by the Russian Federation's past failure to serve judicial documents according to the requirements of the Hague Service Convention, Congress can suspend or abrogate the treaty. *See, e.g., La Abra Silver Mining Co. v. United States*, 175 U.S. 423, 460 (1899) ("It has been adjudged that Congress by legislation, and so far as the people and authorities of the United States are

concerned, could abrogate a treaty made between this country and another country which had been negotiated by the President and approved by the Senate.").

Since Congress has taken no such action, it is not the judiciary's proper function to determine if there has been a breach of the treaty by a foreign state that is so material as to warrant relieving the United States and/or its citizens from their obligations. Rather, to the extent the terms of a treaty are at issue in a judicial proceeding, it is the judiciary's function to interpret those terms and enforce them as written and contemplated by the parties. *See, e.g., Medellin v. Texas*, 552 U.S. 491, 506 (2008) ("The interpretation of a treaty, like the interpretation of a statute, begins with its text."); *Air France v. Saks*, 470 U.S. 392, 399 (1985) (it is the Court's "responsibility to give the specific words of the treaty a meaning consistent with the shared expectations of the contracting parties").

Here, use of the procedures called for by the Hague Service Convention is mandatory "in all cases, in civil or commercial matters, where there is occasion to transmit a judicial or extrajudicial document for service abroad." *Schlunk*, 486 U.S. at 199 (quoting Article 1 of the Convention). Therefore, to comply with the treaty, a U.S. litigant should at least attempt to perform U.S. obligations under the Hague Convention. If Russia in fact fails to perform its obligations under the Hague Convention *in this case*, then Russia's repudiation of the Hague Treaty would be clear and unequivocal *in this case*. At that time and based on that clear evidence of Russia's repudiation, then the U.S. court could authorize one of the alternate means of service of process set forth in Rule 4(f)(2) or (3). In contrast to this suggested approach of only dealing

with the case or controversy actually presented, the Federal Circuit's rule violates the principle of separation of powers, because the court's rule broadly deals in foreign policy by determining which treaty obligations to Russia the U.S. and its citizens must honor.

B. The Federal Circuit Decision Is Also in Conflict with a Ninth Circuit Decision that Followed *Schlunk* and Held the Hague Convention to Be Applicable and Mandatory.

The Federal Circuit's decision also creates a split in the circuits because the Ninth Circuit has properly applied *Schlunk*. In *Brockmeyer v. May*, 383 F.3d 798 (9th Cir. 2004), the Ninth Circuit Court of Appeals held that "[b]ecause service of process was attempted abroad, the validity of that service is controlled by the Hague Convention, to the extent that the Convention applies." *Id.* at 801 (citing *Schlunk*). The court further held that because the United Kingdom did not object to the other methods of service that the Hague Convention "does not interfere with" (*e.g.*, sending judicial documents by postal channels), the court could look to the alternate means of service in Rule 4(f) as sources of authorization for service of process in that case. *Id.* at 802-04.

Brockmeyer is in direct conflict with the Federal Circuit decision here. According to the Federal Circuit, the Hague Convention is irrelevant to the question of whether a litigant may resort to the alternate means of service under Rule 4(f): "'Rule 4(f)(3) is not subsumed within or in any way dominated by Rule 4(f)'s other subsections; it stands independently, on equal footing.'" App., *infra* 34a (quoting *Rio Props., Inc. v. Rio Int'l Interlink*, 284 F.3d 1007,

1015 (9th Cir. 2002).)[3] In *Brockmeyer*, on the other hand, the court of appeals followed *Schlunk* and held the Hague Convention to be mandatory and inapplicable only if the receiving country (there, the United Kingdom) did not object to the other methods of service that the Hague Convention "does not interfere with." *Brockmeyer*, 383 F.3d at 802-04. In this case, the Russian Federation has objected to these other methods of service, App., *infra* 34a, and thus the Federal Circuit could only resort to the alternate methods of service in Rule 4(f) if the court of appeals ignored *Schlunk* and the plain language of Rule 4(f).

In other words, the court in *Brockmeyer* took the mandatory step dictated by *Schlunk* that the Federal Circuit held is unnecessary. The mandatory step is determining whether the Hague Convention allows for the alternate means of service set forth in Rule 4(f)(2) and (3). According to the Federal Circuit, however, the mandatory step is optional and the promises that the U.S. made to Russia under the Hague Convention are beside the point because Rule 4(f)(2) and (3) "stand on equal footing" with Rule 4(f)(1). App., *infra* 34a.

The Court should correct the conflict between this case and the Ninth Circuit's holding in *Brockmeyer*. Here, the Federal Circuit crafted a rule that makes

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[3] The Federal Circuit's reliance on *Rio Props., Inc.* underscores the conflict with *Brockmeyer*. In *Rio Props., Inc.*, the Ninth Circuit held that Rule 4(f)(3) stood on equal footing with Rules 4(f)(1) and 4(f)(2) only because Costa Rica was not a signatory to the Hague Convention. 284 F.3d at 1015 n.4. Thus, there was "no internationally agreed means," allowing for reliance on Rule 4(f)(2), and there was no international agreement to prohibit a court order under Rule 4(f)(3).

the Hague Convention null and void at the option of the litigant. Thus, any litigant outside the Ninth Circuit may advocate for the Federal Circuit rule that allows for alternate means of service of process irrespective of whether the litigant has even tried to follow the methods of service the United States and Russia agreed to in the Hague Convention.

II. The Federal Circuit Again Construed Acts With Respect to Master Copies of Software as Sources of Patent Infringement Liability and Expanded the Reach of Personal Jurisdiction Under the "Stream of Commerce" Theory Beyond this Court's Precedents.

Only four years ago, this Court reversed the Federal Circuit, holding that liability under 35 U.S.C. § 271 was not so broad as to reach acts taken with respect to master copies of software but rather that liability attaches only to acts taken with respect to the copies of the software that are in fact made, used, sold, or imported into the United States. *See, e.g.*, *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 451 (2007) ("What retailers sell, and consumers buy, are *copies* of software." (emphasis in original)).

The Federal Circuit decision in this case runs directly contrary to *Microsoft*, holding that ABBYY Production's act of shipping a master copy of software to ABBYY USA is an act of importation under Section 271(a) on which the District Court may rest jurisdiction over ABBYY Production. *See, e.g.*, App. *infra* 23a-24a. ("Abbyy Production purposefully ships the accused software products into California through an established distribution channel, with the expectation that copies of those products will be sold in California."); App., *infra* 16a ("The Agreement

states that Abbyy Production shall provide master copies of computer software programs to Abbyy USA ...").

Not only does the Federal Circuit decision conflict with *Microsoft*, but its expansive view of U.S. patent laws necessarily leads to an expansive view of federal court jurisdiction over alien defendants in patent cases. In this case, for example, a Russian software developer has been haled into a United States court for the mere act of providing a master copy of software to a nonexclusive licensee, which has the right to modify the software and distribute it to consumers in the U.S. This view is out of synch with even the most permissive view of the "stream of commerce" theory and would reach alien defendants solely based on the unilateral acts of third parties — *i.e.*, something this Court has long held to be a violation of due process. *See, e.g.*, *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475 (1985).

A. The Federal Circuit Decision Stretches Patent Liability and Personal Jurisdiction in Patent Cases Beyond this Court's Precedents.

The Federal Circuit construed 35 U.S.C. § 271 in this case in the same way that was reversed in *Microsoft*. In that case, the Federal Circuit held that the act of shipping a master copy of software abroad to entities that would then copy the software and install the software on computer hardware constituted an act of "supply of components of a patented article" under Section 271(f)(1). *Microsoft Corp.*, 550 U.S. at 447. This Court reversed, holding that a master copy of the software was not a "component" under Section 271(f)(1) but rather the copy of the software combinable with the computer hardware

was the "component": "[T]he extra step is what renders the software a usable, combinable part of a computer; easy or not, the copy-producing step is essential." *Id.* at 451.

In this case, however, the Federal Circuit viewed the importation of the master copy as being within the scope of Section 271 despite the fact that this Court held otherwise in *Microsoft*. The Federal Circuit reported that under the nonexclusive license agreement between ABBYY Production and ABBYY USA, ABBYY Production provides ABBYY USA with a master copy of the accused software. App., *infra* 16a. The Federal Circuit recognized that this license agreement granted ABBYY USA not only the right to copy but also to modify and sell the software in the United States. *App.*, *infra* 18a.[4] The holding that the Federal Circuit drew from these facts is the reverse of *Microsoft*, however, as the court held that ABBYY Production's act of providing the master copy constitutes an act of importation under Section 271(a) and an act upon which the District Court may rest jurisdiction over ABBYY Production: "Abbyy Production's actions also satisfy the second prong of the . . . test, that the claims arise out of or relate to the purposefully directed activities, because Nuance's infringement claims relate to Abbyy Production's importation of goods into California." App., *infra* 21a-22a.

This capacious view of Section 271 liability leads to an equally capacious view of personal jurisdiction that is at odds with a long line of Supreme Court precedent. For example, in *Asahi Metal Indust. Co.*,

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[4] There is no question that ABBYY USA has the right to modify the software under the license agreement. Federal Circuit Appendix 00339.

Ltd. v. Superior Ct. of Cal., Solano County, 480 U.S. 102 (1987), a plurality of this Court held that in some cases jurisdiction would be consistent with the Due Process Clause where the defendant, without more, placed its goods in the stream of commerce: "The stream of commerce refers not to unpredictable currents or eddies, but to the regular and anticipated flow of products from manufacture to distribution to retail. As long as a participant in this process is aware that the final product is being marketed in the forum State, the possibility of a lawsuit there cannot come as a surprise." *Id.* at 117.

The Federal Circuit decision represents a view of the stream-of-commerce theory more generous than the one quoted above from the *Asahi* plurality. According to the *Microsoft* case, the master copy of software is not the good moving from manufacture to distribution to retail. *Microsoft Corp.*, 550 U.S. at 450-51. Instead, it is the copy of software actually sold to consumers that is the good. *Id.* at 451. Hence, under the *Asahi* plurality's view, ABBYY Production *does* have a right against the "surprise" of being haled into U.S. court to answer for a good that it did not place in the stream of commerce.

Moreover, in this case, ABBYY USA's right to modify and then sell the modified copy of the software at retail puts the Federal Circuit's decision out of step with the long line of cases that make clear that contacts arising from "the unilateral activity" of another party or third person are not contacts that support jurisdiction consistent with due process. *Burger King Corp.*, 471 U.S. at 475 (citations omitted).

Indeed, in *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980), this Court held, "financial benefits accruing to the defendant from a collateral

relation to the forum State will not support jurisdiction if they do not stem from a constitutionally cognizable contact with that State." *Id.* at 299. In that case, the defendants could not be haled into Oklahoma court based on the consumers' unilateral decision to drive the good to Oklahoma. *Id.* Similarly here, ABBYY Production has no constitutionally sufficient contact with California when it sends its nonexclusive licensee a master copy of software that the licensee then has the right to modify and sell in California. Under these circumstances, ABBYY Production is at the whim of its licensee in ways similar to the seller of the car in *World-Wide Volkswagen*. It is thus unfair and unconstitutional for federal and state courts to assert jurisdiction over defendants based on the acts of others. *See, e.g.*, *Kulko v. California Superior Court*, 436 U.S. 84 (1978) (no jurisdiction over divorcee whose only contact with forum was former spouse's decision to move there); *Hanson v. Denckla*, 357 U.S. 235 (1958) (no jurisdiction over trustee whose only connection to forum was settlor's decision to exercise power of appointment there).

B. The Federal Circuit Decision Is an Outlier Among Its and Other Court of Appeals' Precedents.

Here, the Federal Circuit's theory of personal jurisdiction also outpaces its own precedent. In *Red Wing Shoe Co., Inc. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed Cir. 1998), the Federal Circuit affirmed a dismissal for lack of personal jurisdiction based on the lack of affiliating contacts presented by nonexclusive license agreements. The plaintiff argued that the defendant's nonexclusive licensees had extensive contacts in the jurisdiction, and the

Federal Circuit held: "In simple terms, doing business with a company that does business in Minnesota is not the same as doing business in Minnesota." *Id.* at 1361.

What about the royalty income extracted from licensees in the forum state? The Federal Circuit stated: "HHI's receipt of royalty income from its licensees for sales made in Minnesota is equally irrelevant. '[F]inancial benefits accruing to the defendant from a collateral relation to the forum State will not support jurisdiction if they do not stem from a constitutionally cognizable contact with that State.'" *Red Wing Shoe Co., Inc.*, 148 F.3d at 1361-62 (quoting *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 299 (1980)).

Other courts of appeal are also at odds with the Federal Circuit's broad view of jurisdiction in this case. For example, the Sixth Circuit adopted the more restrictive view of the other plurality in *Asahi Metal Indust. Co., Ltd.*, and held that the licensor could not be haled into the forum because the licensor had no control over the product placed into the stream of commerce. *Bridgeport Music, Inc. v. Still N the Water Publ'g.*, 327 F.3d 472, 482 (6th Cir. 2003) ("As with the mechanical licenses granted to RAL, the record does not reflect that BMI or ASCAP have any affirmative duty to license or market the subject compositions specifically in Tennessee or even nationally."); *see also, e.g., Guinness Import Co. v. Mark VII Distrib., Inc.*, 153 F.3d 607, 614-15 (8th Cir. 1998) ("All distributorship decisions were made by the distributor and the importer, not [the alien defendant]. . . . The trial court was correct in refusing to attribute the Minnesota contacts of the distributor

and importer to [the alien defendant] since [the alien] played no part in directing those activities.").

CONCLUSION

This Court should grant this petition because the Federal Circuit decision leaves a treaty entered into by the United States with numerous other countries optional at the choice of U.S. litigants. While this case involves an allegation of past Russian nonperformance under the Hague Service Convention, the Federal Circuit's holding is not so limited. Instead, the holding broadly reaches all cases irrespective of the signatory's past compliance or noncompliance because the Federal Circuit construes Rule 4(f)(2) and (f)(3) as "on equal footing" with Rule 4(f)(1) service through the Hague Convention. Should this holding stand and be adopted by other circuit courts of appeals, the Hague Convention is at risk of becoming a dead letter in the United States except in the Ninth Circuit, which gave the Hague Convention the mandatory effect that Rule 4 and this Court's precedents demand.

The Federal Circuit's decision below also gives U.S. patent laws extraterritorial effect that this Court has held they do not have. The only act the Federal Circuit bases jurisdiction on in this case is ABBYY Production's purported importation of master copies of the accused software. This Court's recent precedent, however, holds that acts with respect to master copies of software are not sources of patent liability. The Federal Circuit's broad view of patent liability collapses into a broad view of personal jurisdiction in patent cases, where an alien defendant may be haled into district court to answer for goods it did not place into the stream of commerce. This Court should grant this petition to bring clarity

and consistency to the law by confining personal jurisdiction within previously recognized constitutional bounds.

Respectfully submitted,

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APPENDIX

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF CALIFORNIA

No. C 08-02912 JSW

NUANCE COMMUNICATIONS, INC,
Plaintiff,

v.

ABBYY SOFTWARE HOUSE, *et al.*,
Defendants.

JUDGMENT

On August 25, 2009, this Court entered an order granting defendants Abbyy Software Ltd. and Abbyy Production LLC's motion to dismiss for failure to serve in a legally sufficient manner and for lack of personal jurisdiction.

Pursuant to this Court's order of this date granting Plaintiff's motion for certification pursuant to Federal Rule of 54(b), it is hereby ORDERED AND ADJUDGED that the clerk is directed to enter judgment in favor of Abbyy Software Ltd. and Abbyy Production LLC and against Plaintiff. The Court HEREBY CERTIFIES the judgment under Federal Rule of Civil Procedure 54(b).

IT IS SO ORDERED.

Dated: October 30, 2009

/s/ Jeffrey S. White
JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF CALIFORNIA

No. C 08-02912 JSW

NUANCE COMMUNICATIONS INC,
Plaintiff,

v.

ABBYY SOFTWARE HOUSE,
Defendant.

ORDER GRANTING MOTION TO DISMISS

Now before the Court is the motion to dismiss filed by Abbyy Software Ltd. and Abbyy Production LLC ("Moving Defendants") for failure properly to serve in a legally sufficient manner and for lack of personal jurisdiction. Also before the Court is Moving Defendants' motion for protective order seeking to impose a limited stay on any discovery pertaining only to these defendants pending determination of the motion to dismiss. The Court finds both motions appropriate for decision without oral argument. N.D. Civ. L.R. 7-1(b). Accordingly, the Court HEREBY VACATES the hearing date of August 28, 2009. Having carefully reviewed the parties' papers, considered their arguments and the relevant legal authority, the Court hereby GRANTS Moving Defendants' motion to dismiss and FINDS AS MOOT Defendants' motion for a protective order.

BACKGROUND

Nearly fifteen months after Plaintiff Nuance Communications, Inc. ("Nuance") filed suit against Abbyy USA Software House, Inc. ("Abbyy USA") for patent infringement, Nuance amended its complaint to include identical claims against Russian entity Abbyy Production, LLC and Cypriot entity Abbyy Software, Ltd. Defendants filed a motion seeking to dismiss the two foreign defendants for insufficient service of process and for lack of personal jurisdiction.

The Court shall address additional facts as necessary to its analysis in the remainder of this Order.

ANALYSIS

A. Motion to Dismiss for Improper Service.

1. Legal Standard.

Federal courts cannot exercise personal jurisdiction over a defendant without proper service of process. *Omni Capital Int'l, Ltd. v. Wolff & Co.*, 484 U.S. 97, 104 (1987). Insufficient service can result in dismissal under Rule 12(b)(5). To determine whether service of process was proper, courts look to the requirements of Federal Rule of Civil Procedure 4. Rule 4(h) governs service over domestic and foreign corporations.

2. Service on Abbyy Software, Ltd. and Abbyy Production, LLC Was Improper Pursuant to Rule 4(h)(2).

Rule 4(h)(2) also applies to this action because both defendants are foreign corporations. Rule 4(h)(2) provides that a foreign corporation may be served in "a place not within any judicial district of the United States, in any manner prescribed by Rule 4(f) for

serving an individual, except personal delivery ...." Rule 4(f) governs service of an individual in a foreign country and states that service abroad is to be effected "by any internationally agreed means of service that is reasonably calculated to give notice, such as those authorized by the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents." Fed. R. Civ. P. 4(f)(1).

The Hague Service Convention is a multi-national treaty that governs service of summons on persons in signatory foreign countries. *Volkswagenwerk Aktiengeschellschaft v. Schlunk, et al.*, 486 U.S. 694, 698 (1988). Requests for service must conform to a model form attached to the Hague Convention. *The Hague Convention*, art. 3, Nov. 15, 1965, 20 U.S.T. 361, T.I.A.S. 6638, 658 U.N.T.S. 163. The form, as well as all relevant documents, should be sent "by the judicial officer or authority in the state in which the documents originate to the designated central authority of the country in which the recipient is located." *Cippolla v. Picard Porsche Audi, Inc.*, 496 A.2d 130, 131-132 (R.I. 1985); *see The Hague Convention*, art. 4, Nov. 15, 1965, 20 U.S.T. 361, T.I.A.S. 6638, 658 U.N.T.S. 163). "Once a central authority receives a request in the proper form, it must serve the documents by a method prescribed by the internal law of the receiving state or by a method designated by the requester and compatible with that law. The central authority must then provide a certificate of service that conforms to a specific model." *Schlunk*, 486 U.S. at 698; *see The Hague Convention* arts. 5-6, Nov. 15, 1965, 20 U.S.T. 361, T.I.A.S. 6638, 658 U.N.T.S. 163. The Hague Convention preempts all state and federal service rules in those countries that signed the treaty. *See Schlunk*, 486 U.S. at 699 ("by virtue of the Supremacy Clause, U.S. Const., Art. VI,

the Convention preempts inconsistent methods of service prescribed by state law in all cases to which it applies").

The Court finds that Plaintiff failed properly to serve Abbyy Software, Ltd. or Abbyy Production, LLC in accordance with the Hague Convention. Plaintiff admits it did not follow the Hague Convention and the process it requires, but contends, without authority, that the "Hague Convention is not an agreed-upon means for service of process in Russia because the Russian Federation has unilaterally suspended all judicial cooperation with the United States in civil matters." (Opp. Br. at 13.) There is no authority for this proposition and nothing before the Court indicates that the Hague Convention is not the proper vehicle for service of the foreign defendants in this matter.

Because the Hague Convention ensures that proper service upon foreign defendants will be effected in accordance with Rule 4(h)(2), and because Plaintiff failed to follow Rule 4(h)(2), the Court finds that Plaintiff has not properly served either Abbyy Software, Ltd. or Abbyy Production, LLC. The Court therefore dismisses the Moving Defendants under Rule 12(b)(5) for insufficient service of process.

B. Motion to Dismiss for Lack of Personal Jurisdiction.

1. Legal Standard.

Moving Defendants also seek to dismiss the complaint pursuant to Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction. The plaintiff bears the burden to establish personal jurisdiction. *Menken v. Emm*, 503 F.3d 1050, 1056 (9th Cir. 2007). Where the facts are not directly controverted, a plain-

tiff's version of the facts is taken as true. *AT&T v. Compagnie Bruxelles Lambert*, 94 F.3d 586, 588 (9th Cir. 1996) ("*AT&T*"). Likewise, the Court must resolve "'conflicts between the facts contained in the parties' affidavits" in plaintiff's favor, "for purposes of deciding whether a prima facie case for personal jurisdiction exists.'" *Doe v. Unocal Corp.*, 248 F.3d 915, 922 (9th Cir. 2001) (quoting *AT&T*, 94 F.3d at 588).

2. Plaintiff Has Not Met Its Burden to Show the Court Has Jurisdiction.

Plaintiff bears the burden of establishing a prima facie showing of general or specific jurisdiction over each and every defendant it has sued. *See Calder v. Jones*, 465 U.S. 783, 790 (1984). "Personal jurisdiction over an out-of-state defendant is appropriate if the relevant state's long arm-statute permits the assertion of jurisdiction without violating federal due process." *Schwarzenegger v. Fred Martin Motor Company*, 374 F.3d 797, 800-801 (9th Cir. 2004). Because California's long arm statute is co-extensive with federal due process requirements, the jurisdictional analyses under California law and federal due process are the same. *Id.* at 801.[1]

Due process precludes a court from asserting jurisdiction over a defendant unless the defendant has certain minimum contacts with the forum state. The overriding constitutional principle is that maintenance of an action in the forum must not offend "traditional conception[s] of fair play and substantial justice." *International Shoe Co. v. Washington*, 326

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[1] The same due process analysis governs under Federal Circuit law. *See, e.g., 3D Systems, Inc. v. Aarotech Laboratories, Inc.*, 160 F.3d 1373, 1377-1380 (Fed. Cir. 1998).

U.S. 310, 320 (1945). The defendant's "conduct and connection with the forum State" must be such that the defendant "should reasonably anticipate being haled into court there." *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980). "In judging minimum contacts, a court properly focuses on 'the relationship among the defendant, the forum, and the litigation." *Calder*, 465 U.S. at 788 (quoting *Shaffer v. Heitner*, 433 U.S. 186, 204 (1977)).

"A defendant whose contacts with a state are 'substantial' or 'continuous and systematic' can be haled into court in that state in any action, even if the action is unrelated to those contacts." *Bancroft & Masters, Inc. v. Augusta Nat'l, Inc.*, 223 F.3d 1082, 1086 (9th Cir. 2000) (citing *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 415 (1984)). This is a "fairly high" standard which "requires that the defendant's contacts be of the sort that approximate physical presence in the state." *Id.* Here, without submitting any evidence that the Moving Defendants independently have a presence in this jurisdiction, Nuance contends that the Court should impute the contacts of Abbyy USA to the Moving Defendants. However, there is no evidence before this Court upon which to determine that the separate defendant's corporate forms should be disregarded. *See 3D Systems*, 160 F.3d at 1380 (holding that the corporate form should not be lightly cast aside and finding lack of personal jurisdiction where defendant's only assertion was to pierce the corporate veil). The Court finds the record insufficient to establish general jurisdiction over the Moving Defendants.

Specific jurisdiction over a defendant exists where: (1) the defendant has purposefully directed his or her activities at residents of the forum state or the forum

state itself; (2) the plaintiff's claim arises out of or relates to those activities; and (3) the assertion of personal jurisdiction is reasonable and fair. *Schwarzenegger*, 374 F.3d at 802; *see also Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985). "The plaintiff bears the burden of satisfying the first two prongs of the test. If the plaintiff fails to satisfy either of these prongs, personal jurisdiction is not established in the forum state." *Schwarzenegger*, 374 F.3d at 802 (internal citation omitted). "On the other hand, if the plaintiff succeeds in satisfying both of the first two prongs, 'the burden then shifts to the defendant to present a compelling case that the exercise of jurisdiction would not be reasonable." [sic] *Menken*, 503 F.3d at 1057 (quoting *Schwarzenegger*, 374 F.3d at 802, in turn quoting *Burger King*, 471 U.S. at 476-78) (internal quotations omitted). The Ninth Circuit has noted that the "purposeful availment" prong, "[d]espite its label ... includes both purposeful availment *and* purposeful direction. It may be satisfied by purposeful availment of the privilege of doing business in the forum; by purposeful direction of activities at the forum; or by some combination thereof." *Yahoo! Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 433 F.3d 1199, 1206 (9th Cir. 2006).

Here, because there is no showing that the Moving Defendants purposefully directed any specific activity at residents of California or within the forum state or that the plaintiffs' claim arises out of or relates to those activities, the Court need not reach the issue whether the assertion of personal jurisdiction is reasonable and fair. *See Schwarzenegger*, 374 F.3d at 802. Again, there is no controlling precedent or evidence sustaining the position that this Court should pierce the corporate veil between the United States defendant, Abbyy USA, and the foreign defen-

dants. Based on the record, the Court finds that it cannot exercise personal jurisdiction over the Moving Defendants. Defendants Abbyy Software, Ltd. or Abbyy Production, LLC are dismissed as defendants.

C. Motion for Protective Order.

Having dismissed Moving Defendants both for failure properly to serve in a legally sufficient manner and for lack of personal jurisdiction, the Court finds the motion for a protective order moot.

CONCLUSION

For the reasons stated, the motion to dismiss for lack of service and lack of personal jurisdiction against Defendants Abbyy Software, Ltd. or Abbyy Production LLC is GRANTED. The motion for protective order is moot.

IT IS SO ORDERED.

Dated: August 25, 2009

/s/ Jeffrey S. White
JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2010-1100

NUANCE COMMUNICATIONS, INC.,
Plaintiff-Appellant,

v.

ABBYY SOFTWARE HOUSE, ABBYY USA SOFTWARE HOUSE, LEXMARK INTERNATIONAL, INC., ABBYY PRODUCTION LLC, AND ABBYY SOFTWARE LTD.,
Defendants-Appellees.

Appeal from the United States District Court for the Northern District of California in case no. 08-CV-2912, Judge Jeffrey S. White.

Decided: November 12, 2010

M. CRAIG TYLER, Wilson Sonsini Goodrich & Rosati, of Austin, Texas, argued for plaintiff-appellant. With him on the brief were DAISY S. POON and TUNG-ON KONG, of Palo Alto, California.

MATTHEW M. WAWRZYN, Wawrzyn LLC, of Chicago, Illinois, argued for defendants-appellees. Of counsel on the brief was PERRY R. CLARK, Law Offices of Perry R. Clark of Palo Alto, California.

Before RADER, *Chief Judge*, and NEWMAN and PROST, *Circuit Judges*.

RADER, *Chief Judge*.

Nuance Communications, Inc. ("Nuance") filed this patent infringement action against Abbyy USA Software House ("Abbyy USA"). After obtaining discovery from Abbyy USA, Nuance filed an Amended Complaint naming as defendants Abbyy Production LLC ("Abbyy Production"), a corporation organized under the laws of the Russian Federation, and Abbyy Software, Ltd. ("Abbyy Software"), a corporation organized under the laws of the Republic of Cyprus. Abbyy Production and Abbyy Software (collectively, "the Abbyy defendants") thereafter filed a motion to dismiss for lack of personal jurisdiction and improper service of process, which was granted by the United States District Court for the Northern District of California without an evidentiary hearing or further discovery. *Nuance Commc'ns Inc. v. Abbyy Software House*, No. 08-02912, 2009 WL 2707390 (N.D. Cal. Aug. 25, 2009).

Nuance appeals the dismissal of Abbyy Production and Abbyy Software. Because Abbyy Production purposefully directed activities at residents of California, because Nuance's claims for patent infringement arise out of those activities, and because the assertion of personal jurisdiction is reasonable and fair, this court reverses the district court's dismissal of Abbyy Production on personal jurisdiction grounds. Because the record calls for further discovery on these jurisdiction questions, this court vacates the dismissal of Abbyy Software and remands. This court also determines that the district court erred by dismissing the case for improper service of process.

I.

Nuance owns by assignment U.S. Patent Nos. 5,131,053; 5,381,489; 5,436,983; 6,038,342; 5,261,009; 6,810,404; 6,820,094; and 6,742,161 (collectively, "the patents-in-suit"). These patents relate to methods and systems for performing optical character recognition, recognizing documents, and managing documents.

On February 19, 2008, Nuance filed suit in the United States District Court for the Central District of California against Abbyy USA and Lexmark International, Inc. ("Lexmark") alleging infringement of the patents-in-suit. The Central District later transferred the action to the Northern District of California. On November 17, 2008, Abbyy USA responded to interrogatories seeking the identity and location of related entities. Abbyy USA identified Abbyy Software, a corporation organized under the laws of the Republic of Cyprus, as its parent corporation. Abbyy USA is a wholly-owned subsidiary of Abbyy Software. Abbyy USA also identified Abbyy Production, a corporation organized under the laws of the Russian Federation, as another wholly-owned subsidiary of Abbyy Software.

Nuance thereafter filed an Amended Complaint adding Abbyy Production and Abbyy Software as defendants, and also served document requests on both companies. In the Amended Complaint, Nuance alleged that the Abbyy defendants infringe one or more claims of the patents-in-suit by "making, using, selling, and/or offering to sell in this country, and/or importing into this country" certain software products. On May 7, 2009, a local process server served Abbyy Production with the Amended Complaint, Amended Summons, and Standing Orders of the Court, as well

as Russian translations of these documents. Abbyy Production received this service of process in Moscow. Specifically, Ms. Nadezhda Kolpakova, identified as the Manager of Abbyy Production, personally received the documents.

On June 25, 2009, the Abbyy defendants filed a motion to dismiss both companies for lack of personal jurisdiction and to dismiss Abbyy Production for improper service of process. The Abbyy defendants supported their motion with written declarations and previously unproduced documents. They also filed a motion for a protective order to preclude pending written discovery until the trial court resolved the motion to dismiss.

The district court dismissed both Abbyy Production and Abbyy Software. With respect to personal jurisdiction, the court provided a single paragraph of analysis, concluding that the record did not show that Abbyy Production and Abbyy Software purposefully directed any specific activity at residents of California or within the forum state, or that Nuance's claims arise out of or relate to those activities. *Nuance Commc'ns*, 2009 WL 2707390, at *3. The district court also found that Nuance did not properly serve Abbyy Production in accordance with the Hague Convention. *Id.* at *2. Although the Abbyy defendants had not moved to dismiss Abbyy Software for improper service of process, the district court *sua sponte* determined that Nuance improperly served Abbyy Software. *See id.* at *2.

Neither Abbyy Production nor Abbyy Software responded to Nuance's discovery requests. The district court conducted no evidentiary hearing on jurisdiction before dismissal. Although Nuance had requested a continuance pending limited jurisdictional

discovery, the district court did not address this request in its order. The district court found the Abbyy defendants' motion for a protective order moot.

Both Nuance and the Abbyy family of companies develop and sell software products including optical character recognition ("OCR") software. According to Abbyy Software's website, "ABBYY is an international company with 9 offices in different countries, including Russia, Germany, the United States, Ukraine, the UK, Cyprus, Japan and Taiwan." J.A. 252. The website states that ABBYY was founded in 1989 by David Yang, currently "the chairman of ABBYY's board of directors." J.A. 252. The website describes a single "Global Management Team" for the Abbyy companies, which includes David Yang, the Chairman of the Global Management Team and the CEO of Abbyy Software; Sergey Andreyev, the CEO of Abbyy Production; and Dean Tang, the CEO of Abbyy USA.

A February 2008 article in *Trade Secret Magazine* states that "[i]n the opinion of the company's management, nothing is able to prevent the company now from conquering the U.S. market." J.A. 246. The article reports that David Yang, the CEO of Abbyy Software, previously "failed at the American market," but he is now "going to make his return with new solutions." J.A. 243.

The article features extensive quotes from Sergey Andreyev, the CEO of Abbyy Production, about U.S. activity. For example, he characterizes the launch of Abbyy's FineReader software in the United States as an act of revenge for this lawsuit, even though Abbyy Production and Abbyy Software had yet to be named as parties to the suit:

> Nowadays ABBYY is actively getting ready for the issue of the FineReader software program to the American retail market. The company was forced to do so by its main American competitor—by the Nuance Communications Company, which in the end of last year filed a lawsuit against ABBYY claiming the latter used the company's developments in its work. "They felt a threat on our behalf—and struck first. Now Americans demand us to present our software program code for examination by experts," Sergei Andre[y]ev explains the situation. "We do not want to show it and we demand an independent expert examination. *And we decided to enter the retail market so that their life does not seem so wonderful.*" In the past the company thought that retail sales were unprofitable due to a high entrance price and the need to conduct advertisement campaigns. "However, when competition inflicted the first blow, this became becoming a matter of principle, and *the winner of the battle may win the whole US market, too.* We are no strangers to battles with competition," Andreev [sic] puts on a brave face.

J.A. 245 (emphases added).[1]

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[1] The Abbyy defendants contend that this *Trade Secret Magazine* article should be disregarded as inadmissible hearsay. This court rejects that contention. Admissions by party-opponents are not hearsay. Fed. R. Evid. 801(d)(2). Statements of a declarant's then-existing state of mind, such as intent, plan, or motive, are exceptions to hearsay. Fed. R. Evid. 803(3). Even to the extent portions of the article may nevertheless qualify as hearsay, "there is no strict prohibition on a court's consideration of hearsay" in connection with a motion to dismiss for lack of personal jurisdiction. *Campbell Pet Co. v. Miale*, 542 F.3d 879, 889 (Fed. Cir. 2008).

Although the details of the Abbyy defendants' business arrangements have yet to be fully explored through discovery, the record shows that Abbyy Production develops software and provides Abbyy USA with master copies of that software. According to an agreement dated January 1, 2007, between Abbyy USA and Abbyy Production entitled Software License Agreement ("the Agreement"), Abbyy USA purports to nonexclusively license from Abbyy Production a proprietary right to use, sell, reproduce, distribute, and market software in the United States. The Agreement states that Abbyy Production shall provide master copies of computer software programs to Abbyy USA, including the FineReader product line, documentation for that software, including sale and service documentation, and technical support available by oral or written consultation. In exchange for these proprietary rights, Abbyy USA pays to Abbyy Production the net amount of sales, less costs, expenses, and an operating profit margin of 4.5%. The laws of the Russian Federation govern the Agreement.

On appeal, Nuance challenges the district court's determination that it cannot exercise personal jurisdiction over Abbyy Production and Abbyy Software. Nuance also challenges the district court's determination that these companies were served in a legally insufficient manner. This court has jurisdiction under 28 U.S.C. § 1295(a)(1).

II.

The law of the Federal Circuit, rather than that of the regional circuit in which the case arose, applies to determine whether the district court properly declined to exercise personal jurisdiction over an out-of-state accused infringer. *Akro Corp. v. Luker*, 45

F.3d 1541, 1543 (Fed. Cir. 1995). A district court's conclusion on personal jurisdiction is a question of law subject to review without deference. *LSI Indus. Inc. v. Hubbell Lighting, Inc.*, 232 F.3d 1369, 1371 (Fed. Cir. 2000). This court reviews district court findings regarding underlying disputed facts for clear error. *Dainippon Screen Mfg. Co. v. CFMT, Inc.*, 142 F.3d 1266, 1269 (Fed. Cir. 1998).

"Personal jurisdiction over an out-of-state defendant is appropriate if the relevant state's long-arm statute permits the assertion of jurisdiction without violating federal due process." *3D Sys., Inc. v. Aarotech Labs., Inc.*, 160 F.3d 1373, 1376-77 (Fed. Cir. 1998). Because California's long-arm statute is co-extensive with federal due process requirements, the jurisdictional analyses under California law and federal law are the same. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 801 (9th Cir. 2004). The constitutional touchstone for determining whether an exercise of personal jurisdiction comports with due process "remains whether the defendant purposefully established 'minimum contacts' in the forum State." *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 474 (1985) (quoting *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)).

General jurisdiction is not at issue in this case. The Federal Circuit applies a three prong test to determine if specific jurisdiction exists: (1) whether the defendant purposefully directed activities at residents of the forum; (2) whether the claim arises out of or relates to those activities; and (3) whether assertion of personal jurisdiction is reasonable and fair. *Akro*, 45 F.3d at 1545-46; *see also Schwarzenegger*, 374 F.3d at 802.

The Supreme Court advises that the third factor applies only sparingly. When a defendant seeks to rely on the "fair play and substantial justice" factor to avoid the exercise of jurisdiction by a court that otherwise would have personal jurisdiction over the defendant, "he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable." *Burger King*, 471 U.S. at 477. This court has echoed that restrictive characterization of the third factor, stating that "defeats of otherwise constitutional personal jurisdiction 'are limited to the rare situation in which the plaintiff's interest and the state's interest in adjudicating the dispute in the forum are so attenuated that they are clearly outweighed by the burden of subjecting the defendant to litigation within the forum.'" *Akro*, 45 F.3d at 1549 (quoting *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1568 (Fed. Cir. 1994)).

Without discovery and a record on jurisdiction, this court must resolve all factual disputes in the plaintiff's favor. *Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Found.*, 297 F.3d 1343, 1347 (Fed. Cir. 2002). "[W]here the plaintiff's factual allegations 'are not directly controverted, [they] are taken as true for purposes of determining jurisdiction . . . .'" *Akro*, 45 F.3d at 1543 (quoting *Beverly Hills Fan*, 21 F.3d at 1563). To survive a motion to dismiss in the absence of jurisdictional discovery, plaintiffs need only make a prima facie showing of jurisdiction. *Trintec Indus., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1282 (Fed. Cir. 2005).

On appeal, Nuance seeks a reversal of the dismissal of the Abbyy defendants, arguing that the evidence presented was more than sufficient to establish

personal jurisdiction. As an alternative to reversal, Nuance urges this court to vacate the judgment below and remand to allow Nuance to take jurisdictional discovery.

Nuance contends that Abbyy Production purposefully directed activities at residents of California, thereby satisfying the first prong of the *Akro* test for specific personal jurisdiction. Nuance focuses on the CEO's stated goal of "conquering" the U.S. market; the importation of allegedly infringing products into California; the extraction of royalty payments for the sale of those products; and Abbyy Production's agreement to provide assistance to Abbyy USA in selling, reproducing, and modifying the accused products in California. As of the February 11, 2008 date of the *Trade Secret Magazine* article, Abbyy's FineReader software program allegedly controlled about thirty-percent of the U.S. market.

Appellees respond that Abbyy Production did not purposefully direct activity to California, arguing that the Abbyy defendants took no action under 35 U.S.C. § 271 directed at the forum. They rely principally on *HollyAnne Corp. v. TFT, Inc.*, 199 F.3d 1304, 1310 (Fed. Cir. 1999) and *Pieczenik v. Dyax*, 265 F.3d 1329, 1336 (Fed. Cir. 2001), both of which affirmed dismissals for lack of jurisdiction.

Neither of these cases controls on this record. *HollyAnne* examined whether a single "offer to donate" is the legal equivalent of an "offer to sell" for purposes of establishing personal jurisdiction for an actionable claim for patent infringement. *See* 199 F.3d at 1309 (explaining that the plaintiff had attempted "to base personal jurisdiction on one offer to donate and nothing more"). *HollyAnne* is inapposite because Abbyy Production seeks to "conquer" the

U.S. market, not to donate its services, and its contacts with California are much more significant than the single interaction in *HollyAnne*.

In *Pieczenik*, the plaintiff sued the defendant in New York, alleging in pertinent part that an agreement between the defendant and a New York company constituted an act of inducement prohibited by § 271(b). *Pieczenik*, 265 F.3d at 1331, 1334. This court affirmed an order dismissing the defendant for lack of jurisdiction, holding that the agreement did not confer personal jurisdiction because (1) the agreement was not negotiated or executed in New York; (2) there was no visit to New York in connection with the licensing; (3) the choice-of-law provision did not specify New York law; (4) the agreement did not require the defendant to send any goods into New York or provide any services in New York; and (5) the only payments were payments by the licensee in New York to the defendant in Massachusetts. *Id.* at 1335-36.

While the arrangement between Abbyy Production and Abbyy USA superficially resembles that in *Pieczenik*, this court perceives several important differences. In *Pieczenik*, this court conducted its jurisdictional analysis under New York's long-arm statute, 265 F.3d at 1333, which unlike California's long-arm statute, does not reach the limits of due process, *see Talbot v. Johnson Newspaper Corp.*, 522 N.E.2d 1027, 1029 (N.Y. 1988). The district court in *Pieczenik* also allowed jurisdictional discovery and held an evidentiary hearing that produced an ample record on which to evaluate defendant's motion to dismiss. 265 F.3d at 1330. Absent discovery or a hearing, the district court in this case made its decision without the support of such a record.

Perhaps more importantly, *Pieczenik* involved arms-length transactions between unrelated entities. 265 F.3d at 1331-32, 1336. In contrast, the Agreement between Abbyy Production and Abbyy USA involves commonly owned sister companies operating under a consolidated Global Management Team. In *Pieczenik*, the purported infringement arose out-of-state, 265 F.3d at 1334, whereas here the purported infringement occurred in California. Furthermore, in *Pieczenik*, plaintiffs alleged that a patent license agreement was sufficient to confer personal jurisdiction, 265 F.3d at 1334, whereas this case features the Agreement, an expressed desire to "win the whole US market" by issuing ABBYY's FineReader software program in the United States, and the admitted distribution of that software to Abbyy USA, a California entity. Over ninety-five percent of the profits resulting from the sale of that software flow to Abbyy Production. J.A. 245.

"[W]here the defendant 'deliberately' has engaged in significant activities within a State . . . he manifestly has availed himself of the privilege of conducting business there, and because his activities are shielded by 'the benefits and protections' of the forum's laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well." *Burger King*, 471 U.S. at 475-76 (internal citations omitted). Abbyy Production purposefully directed its activities at residents of California and therefore satisfies the first prong of the *Akro* test.

Abbyy Production's actions also satisfy the second prong of the *Akro* test, that the claims arise out of or relate to the purposefully directed activities, because Nuance's infringement claims relate to Abbyy

Production's importation of goods into California. Nuance alleges in its complaint that Abbyy Production directly infringes and infringes by inducement by "importing into this country" certain software products including at least the FineReader line of products. The Abbyy defendants did not dispute this in their declarations before the district court. Nevertheless, Appellees now argue, without citation, that Abbyy Production by definition cannot import products within the meaning of § 271(a) because Abbyy Production has no physical presence in California. To the contrary, the record shows that Abbyy Production provided copies of the accused software products to Abbyy USA, a California entity. By operation of the Agreement, Abbyy Production retains ownership in the accused software even after that software enters California. Greater than ninety-five percent of the profits in California flow to Abbyy Production. Under these facts, Abbyy Production has sufficient presence in the forum for importation under 35 U.S.C. § 271(a). *Cf. MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1376-77 (Fed. Cir. 2005) (affirming summary judgment of no direct infringement by defendant where defendant manufactured accused product overseas, sold those products to another party overseas, who then employed yet another party to package and send the products free-on-board to a U.S. entity, where title passed to the U.S. entity.)

Abbyy Production also runs afoul of the Supreme Court's and this court's stream of commerce jurisprudence. In *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 298 (1980), the Supreme Court stated that a defendant could purposefully avail itself of a forum by "deliver[ing] its products into the stream of commerce with the expectation that they will be

purchased by consumers in the forum [s]tate." In *Asahi Metal Industry Co. v. Superior Court of California*, 480 U.S. 102 (1987), a plurality of four justices concluded that something more was required—"*an action of the defendant purposefully directed toward the forum state*." *Id.* at 112. The cited examples of purposeful direction included "marketing through a distributor . . . in the forum [s]tate" and "providing regular advice to customers." *Id.* Four other justices considered the showing of additional conduct unnecessary. *Id.* at 117.

In *Beverly Hills Fan*, this court addressed the stream of commerce theory in the context of intellectual property interests, reversing a district court's dismissal on personal jurisdiction grounds of a foreign manufacturer and an out-of-state distributor. 21 F.3d at 1560, 1566. Although the foreign manufacturer had no license for doing business in the forum, no assets, employees, or agents for service of process in the forum, and no direct sales in the forum, this court found the exercise of jurisdiction proper because the manufacturer purposefully shipped products through an established distribution channel with the expectation that those products would be sold in the forum. *Id.* at 1564-67. The court declined to address whether the exercise of personal jurisdiction requires something more than the mere act of placing a product in the stream of commerce with the expectation that it would be purchased in the forum state, finding that the plaintiff made the required jurisdictional showing under either version of the stream of commerce theory. *Id.* at 1566.

Nuance has also made this required jurisdictional showing. Abbyy Production purposefully ships the accused software products into California through an

established distribution channel, with the expectation that copies of those products will be sold in California. Unlike *Beverly Hills Fan*, which involved the more attenuated connection of an out-of-state distributor, *see id.* at 1559-60, Nuance brought suit in the same forum in which Abbyy Production's distributor, Abbyy USA, is located. Moreover, under the Agreement, Abbyy Production has agreed to furnish Abbyy USA with new versions and updates of the Software, technical support, and oral and written consultations. The Supreme Court has endorsed precisely this sort of purposeful activity as reinforcing the proper exercise of jurisdiction. *See Asahi*, 480 U.S. at 112.

Although Appellees argue that Abbyy Production is merely licensing the rights to software in exchange for royalty payments, this distinction is irrelevant for jurisdictional purposes. Abbyy Production has purposefully imported the accused products into California, made those products available for sale through an established distribution chain, and the cause of action for patent infringement is alleged to arise out of these activities. No more is required for specific jurisdiction. *See Burger King Corp.*, 471 U.S. at 472-73; *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 774-75 (1984); *Beverly Hills Fan*, 21 F.3d at 1565.

With respect to the third prong of the *Akro* test, Appellees contend that assertion of jurisdiction over Abbyy Production would be unfair, relying principally on *Asahi*. In *Asahi*, the Supreme Court held that a California court's otherwise constitutional exercise of jurisdiction was unreasonable because of the substantial burdens on a foreign defendant. 480 U.S. at 115. However, *Asahi* involved an upstream supplier

who did not create, control, or employ the distribution system that brought its goods (tire valves) to California. *Id.* at 112-13. In contrast, Abbyy Production established a distribution system with Abbyy USA that was intended to deliver products to the U.S. market via a commonly owned California entity. Abbyy Production knew the destination of its products, and its conduct and connections with the forum state were such that it should have reasonably have anticipated being brought into court there. *See World-Wide Volkswagen*, 444 U.S. at 292. Additionally, Abbyy Production and Abbyy USA share the same counsel and operate under a consolidated Global Management Team. These relationships should ameliorate any possible burden of litigating in California. *See Patent Rights Prot. Grp., LLC v. Video Gaming Techs., Inc.*, 603 F.3d 1364, 1370 (Fed. Cir. 2010). Because the exercise of jurisdiction over Abbyy Production would not violate due process, and because California's long-arm statute is coextensive with federal due process, this court concludes that the district court erred when it declined to exercise personal jurisdiction over Abbyy Production.

Nuance also challenges the district court's dismissal of Abbyy Software on personal jurisdiction grounds. Nuance contends that Abbyy Software purposefully directs its activities at residents of California through the importation and sale of infringing products via distribution channels it controls; while Appellees maintain that Abbyy Software is simply a holding company that neither imports nor sells goods in California or elsewhere.

The limited evidence of record supports Nuance's contention that Abbyy Software functions as more than a holding company. Abbyy Software's website

portrays Abbyy as a single company with offices in many countries, including the United States. The CEO of Abbyy Software, who expressed a desire to return to the U.S. market, is both the founder of the Abbyy companies and the Chairman of Abbyy's Global Management Team, which includes among its members the CEOs of Abbyy USA and Abbyy Production. Abbyy Software's website lists multiple California entities as customers of the accused products, including Hewlett-Packard, Alameda County, and Los Angeles County. Abbyy Software's website also promotes the sale of these products in California by providing the names and contact information for retail stores located in California as well as online stores that sell the FineReader product.

Similar facts have been held to establish a prima facie case of jurisdiction. For example, in *Cardsoft, Inc. v. Verifone Holdings, Inc.*, No. 08-098, 2009 WL 361069, at *1-2 (E.D. Tex. Feb. 10, 2009), the district court held that a prima facie showing for the exercise of personal jurisdiction had been made over a foreign entity that alleged it was merely a holding company. The district court in that case noted that the company advertised the accused products on its website, shared an overlapping management team with its domestic subsidiary, and enjoyed revenues from the sales of allegedly infringing products. *Id.* at *1.

Nevertheless, the extent of Abbyy Software's involvement remains uncertain. Abbyy Software does not directly sell products through its website or otherwise. The record does not show at this point that Abbyy Software receives revenue from the sale of the accused software. Abbyy Production, not Abbyy Software, appears to develop the accused software and import master copies of that software into Cali-

fornia. While the Global Management Team and the statements in the *Trade Secret Magazine* article suggest that Abbyy Software exerts some control over its subsidiaries, the record is unclear about the degree to which Abbyy Software intentionally established distribution channels that it knew, or could have foreseen, terminated in California. Thus, on this record, this court cannot determine that Abbyy Software purposefully availed itself of the privilege of conducting activities in California by some affirmative act or conduct, and that Nuance's claims arise out of those activities.

In the alternative, Nuance appeals the de facto denial of its request for jurisdictional discovery. "We review the district court's denial of discovery, an issue not unique to patent law, for abuse of discretion, applying the law of the regional circuit." *Autogenomics Inc. v. Oxford Gene Tech. Ltd.* 566 F.3d 1012, 1021-22 (Fed. Cir. 2009) (applying Ninth Circuit law (citing *Pebble Beach Co. v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006)). In the Ninth Circuit, "discovery should ordinarily be granted where pertinent facts bearing on the question of jurisdiction are controverted or where a more satisfactory showing of the facts is necessary." *Laub v. U.S. Dep't of the Interior*, 342 F.3d 1080, 1093 (9th Cir. 2003) (quoting *Butcher's Union Local No. 498 v. SDC Inv., Inc.*, 788 F.2d 535, 540 (9th Cir. 1986)). On the other hand, a trial court may deny jurisdictional discovery "'when it is clear that further discovery would not demonstrate facts sufficient to constitute a basis for jurisdiction,'" *Am. W. Airlines, Inc. v. GPA Group, Ltd.*, 877 F.2d 793, 801 (9th Cir. 1989) (quoting *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 430 n.24 (9th Cir. 1977)), or where the request for discovery is "based on little more than a hunch that it might yield

jurisdictionally relevant facts," *Boschetto v. Hansing*, 539 F.3d 1011, 1020 (9th Cir. 2008) (citing *Butcher's Union*, 788 F.2d at 540). "A decision to deny discovery will not be disturbed except upon the clearest showing that the denial of discovery results in actual and substantial prejudice to the complaining litigant." *Laub*, 342 F.3d at 1093 (citation and quotation marks omitted). "Prejudice is established if there is a reasonable probability that the outcome would have been different had discovery been allowed." *Id.*

The district court de facto denied Nuance's request for jurisdictional discovery by not addressing it in its dismissal order. *See Nuance Commc'ns*, 2009 WL 2707390. Yet Nuance's request for jurisdictional discovery is not "based on a mere hunch." *See Patent Rights Prot. Grp.*, 603 F.3d at 1372. Rather, the request is supported by, inter alia, Abbyy Software's website and the *Trade Secret Magazine* article, which suggest that Abbyy Software controls the actions of its subsidiaries. Although the proffered documents may be insufficient in themselves to establish a prima face case, this incomplete record nevertheless supports the need for additional discovery to determine the merits of personal jurisdiction over Abbyy Software.

Appellees argue that Nuance's request for discovery was informal and untimely. However, Nuance incorporated its request for jurisdictional discovery into its opposition to the Abbyy defendants' motion to dismiss. J.A. 215 ("[I]f the Court requires additional evidence to resolve this matter, Nuance, in the alternative requests a continuance of the hearing date pending limited jurisdictional discovery.") Nuance had also served the Abbyy defendants with written discovery at the earliest possible opportunity, conco-

mitant with its filing of the Amended Complaint. This markedly contrasts with the impermissible "eleventh-hour" discovery request made in *Sopcak v. Northern Mountain Helicopter Service*, 52 F.3d 817, 819 (9th Cir. 1995), where the plaintiff failed to conduct discovery during the nine-month period between the filing of the complaint and the court's dismissal order. Appellees also argue that Nuance did not specify material disputed issues of fact warranting discovery. To the contrary, in its opposition brief, Nuance specifically questioned Abbyy Software and Abbyy Production's control over Abbyy USA, as well as the veracity of the Abbyy declarants' statements in view of seemingly contradictory statements from the declarants' employers. "[D]iscovery should ordinarily be granted where pertinent facts bearing on the question of jurisdiction are controverted . . . ." *Laub*, 342 F.3d at 1093 (citation omitted). Accordingly, this court holds that the district court abused its discretion by dismissing Abbyy Software without jurisdictional discovery.

III.

"Before a federal court may exercise personal jurisdiction over a defendant, the procedural requirements of service of summons must be satisfied." *Omni Capital Int'l Ltd. v. Rudolf Wolff & Co.*, 484 U.S. 97, 104 (1987). The Federal Rules of Civil Procedure authorize the service of process made in this case. When decided without an evidentiary hearing, a district court's holding as to sufficiency of service receives no deference. *In re Focus Media Inc.*, 387 F.3d 1077, 1081 (9th Cir. 2004); *United States v. Zeigler Bolt & Parts Co.*, 111 F.3d 878, 880 (Fed. Cir. 1997).

Fed. R. Civ. P. 4(h)(2) states that a foreign corporation served outside the United States must be served "in any manner prescribed by Rule 4(f) for serving an individual, except personal delivery under (f)(2)(C)(i)." Rule 4(f) states that an individual in a foreign country may be served as follows:

> (1) by any internationally agreed means of service that is reasonably calculated to give notice, such as those authorized by the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents;
>
> (2) if there is no internationally agreed means, or if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice:
>
> (A) as prescribed by the foreign country's law for service in that country in an action in its courts of general jurisdiction;
>
> (B) as the foreign authority directs in response to a letter rogatory or letter of request; or
>
> (C) unless prohibited by the foreign country's law, by:
>
> (i) delivering a copy of the summons and of the complaint to the individual personally; or
>
> (ii) using any form of mail that the clerk addresses and sends to the individual and that requires a signed receipt; or
>
> (3) by other means not prohibited by international agreement, as the court orders.

Fed. R. Civ. P. 4(f).

The Convention on Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial

Matters, Nov. 15, 1965 (Hague Service Convention), (1969) 20 U.S.T. 361, T.I.A.S. No. 6638, referenced in Rule 4(f)(1) above, is a multi-national treaty that governs service of summons on persons in signatory foreign countries. *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 698 (1988). Each member state must establish a "central authority" for receiving and processing requests for service upon defendants residing within the state. *Id.* at 698-99. Once a central authority receives a request in the proper form, it must serve the documents by a method prescribed by the internal law of the receiving state or by a method designated by the requester and compatible with that law. *Id.* at 699. A signatory to the Convention may also consent to other methods of service within its boundaries, *see* 20 U.S.T. 361, T.I.A.S. No. 6638, Arts. 8, 10, but the Russian Federation has objected to service under these provisions.

The district court granted the Abbyy defendants' motion to dismiss for failure to serve Abbyy Production in accordance with the Hague Convention. Although Nuance did not attempt to serve Abbyy Production through the central authority of the Russian Federation, the record indicates that Nuance could not have done so. According to a Bureau of Consular Affairs circular published by the U.S. State Department on Russia Judicial Assistance, "requests sent [via diplomatic channels or] directly by litigants to the Russian Central Authority under the Hague Service Convention are returned unexecuted." J.A. 316. Further, the State Department warns that "in the absence of a direct channel for U.S. judicial assistance, U.S. courts and litigants will explore other methods to effect service of process," such as service via an agent of the Russian Federation. J.A. 317. This resulted because the Russian Federation "unila-

terally suspended all judicial cooperation with the United States in civil and commercial matters in 2003." J.A. 316.

While the State Department's website alone suggests that service via the Hague Convention would not have been possible, Nuance also submitted the declaration of Celeste Ingalls, Director of Operations of Crowe Foreign Services. She declared that "the Russian Federation does not consider the Hague Service Convention to be in effect between the Russian Federation and the United States, making service via the Hague Service Convention in the Russian Federation not possible." J.A. 222. While Appellees argue that service must have been attempted under the Hague Convention before alternative service methods can be employed, this court disagrees. Rule 4 "was not intended to burden plaintiffs with the [S]isyphean task of attempting service through the Hague Convention procedures when a member state has categorically refused" to effect service. *See Arista Records LLC v. Media Servs. LLC*, No. 06-15319, 2008 WL 563470, at *1 (S.D.N.Y. Feb. 25, 2008). Indeed, numerous courts have found alternate service methods appropriate without a prior attempt to serve through the Hague Convention. *See, e.g.*, *In re LDK Solar Sec. Litig.*, No. 07-05182, 2008 WL 2415186, at *2 (N.D. Cal. June 12, 2008); *In re Potash Antitrust Litig.*, 667 F. Supp. 2d 907, 931 (N.D. Ill. 2009); *Arista Records*, 2008 WL 563470, at *1-2. This court holds that the district court erred in requiring service of Abbyy Production under the Hague Service Convention.

Nuance served Abbyy Production in Moscow by personal delivery. Appellees contend that Rule 4 broadly prohibits personal service on a foreign corpo-

ration outside the United States, since Rule 4(h)(2) states that service may be made on a corporation outside the United States "in any manner prescribed by Rule 4(f) for serving an individual, except personal delivery under (f)(2)(C)(i)." Nuance counters that personal service is appropriate if made under Rule 4(f)(2)(A), which provides for service "as prescribed by the foreign country's law for service in that country in an action in its courts of general jurisdiction."

The Ninth Circuit has observed that "courts have applied Rule 4(f)(2)(A) to approve personal service carried out in accordance with foreign law." *Brockmeyer v. May*, 383 F.3d 798, 806 (9th Cir. 2004). Indeed, numerous courts have upheld personal service on a foreign corporation under Rule 4(f)(2)(A). For example, in *Joescan, Inc. v. LMI Technologies, Inc.*, No. 07-5323, 2007 WL 2253319, at *1 (W.D. Wash. Aug. 2, 2007), the district court found that although not effected through the Canadian Central Authority under the Hague Convention, personal service on a Canadian company in Canada was proper because defendants were served in accordance with Canadian law. Similarly, in *Cosmetech International, LLC v. Der Kwei Enterprise and Co., Ltd.*, 943 F. Supp. 311, 316 (S.D.N.Y. 1996), the court upheld service on a Taiwanese corporation by personal service on its manager in accordance with Taiwanese law. Thus, a corporation can be served by personal delivery under Rules 4(h)(2) and 4(f)(2)(A), provided that personal delivery is prescribed by the foreign country's laws for service in that country in an action in its courts of general jurisdiction.

Although contested by the parties, this court does not opine on whether the laws of the Russian Federation permit Nuance to personally serve Abbyy

Production in its courts of general jurisdiction. Nor do we opine on the effect of the Russian Federation's objection to service of documents by methods listed in Articles 8 and 10 of the Hague Service Convention, which generally covers service by postal channels and through judicial officers or diplomatic and consular agents. *See* 20 U.S.T. 361, T.I.A.S. No. 6638, Art. 10.

Under Rule 4(f)(3), federal courts have discretionary authority to direct service "by other means not prohibited by international agreements." Fed. R. Civ. P. 4(f)(3); *Brockmeyer*, 383 F.3d at 805 (emphasis omitted). "Rule 4(f)(3) is not subsumed within or in any way dominated by Rule 4(f)'s other subsections; it stands independently, on equal footing." *Rio Props., Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1015 (9th Cir. 2002). The Advisory Committee Note to Rule 4 explains that Rule 4(f)(3) is particularly appropriate where a signatory to the Hague Service Convention has "refused to cooperate for substantive reasons." Fed. R. Civ. P. 4, Advisory Committee Note to Subdivision (f) (1993). The Advisory Committee Note further explains that service under 4(f)(3) might be justified when the foreign country's central authority "refuses to serve a complaint seeking punitive damages or to enforce the antitrust laws of the United States." *Id.*

Courts have authorized a wide variety of alternative methods of service under Rule 4(f)(3). *See Rio Props.*, 284 F.3d at 1016-19. One of these, substituted service, was expressly requested by Nuance in opposing the Abbyy defendants' motion to dismiss. Federal courts in California have authorized substituted service under Rule 4(f)(3) on California entities for foreign defendants, including foreign corporations. In *Rio Properties*, 284 F.3d at 1016-19, the Ninth

Circuit affirmed court-ordered alternative service methods on a Costa Rican business entity under Rules 4(f)(3) and 4(h)(2). In addition to service via e-mail, the district court ordered substitute service through the mail both to the U.S. office of the defendant's international courier and on the defendant's California based attorney. *Id.* at 1013. In *In re LDK*, 2008 WL 2415186, at *1, *4, the Northern District of California authorized service of process in the California office of a Chinese corporation under Rule 4(f)(3) as a substitute for service on individuals residing in China and for service on another Chinese company. China is a party to the Hague Convention. *Id.* at *1.

Substituted service under Rule 4(f)(3) has also been specifically used to serve litigants from the Russian Federation in multiple U.S. courts. *See, e.g., In re Potash*, 667 F. Supp. 2d at 931-32 (directing substitute service of Russian defendants by four alternative methods including service on U.S. affiliate); *Arista Records*, 2008 WL 563470, at *1 (directing substitute service of process on Russian corporation's attorneys in New York City under Rule 4(f)(3)); *RSM Prod. Corp. v. Fridman*, No. 06-11512, 2007 WL 2295907, at *3 (S.D.N.Y. Aug. 10, 2007) (directing substitute service of process on Russian defendant's attorneys in New York City).

Appellees nevertheless contend, without citation to any case, that Rule 4(f)(3) only authorizes service outside the United States. However, as described above, the Northern District of California has directed substituted service under Rule 4(f)(3) within California, and the Ninth Circuit has affirmed court-directed service within the United States. *See, e.g., Rio Props.*, 284 F.3d at 1017-19; *In re LDK*, 2008 WL

2415186, at *1. "Defendants have provided no explanation for why transmittal abroad would be required in the present case, when federal law plainly permits service on Defendants' domestic subsidiaries or domestic counsel." *In re Cathode Ray Tube Antitrust Litig.*, No. 07-5944, 2008 WL 4104341, at *1 (N.D. Cal. Sept. 3, 2008).

Appellees also argue that Nuance did not show that Abbyy USA is Abbyy Production's "general manager" under Cal. Corp. Code § 2110, which allegedly forecloses substituted service. This argument confuses service of process under Rule 4(f)(3), which provides for court-directed service "by any means not prohibited by international agreement," with service under Rule 4(e)(1), which does not require a court-order and provides for service by "following state law." Under California law, a foreign corporation may be served by serving that corporation's "general manager in [the] state." *See Gray v. Mazda Motor of Am.*, 560 F. Supp. 2d 928, 929-30 (C.D. Cal. 2008). However, this does not foreclose substituted service on others under Rule 4(f)(3). *See Rio Props.*, 284 F.3d at 1017 ("Without hesitation, we conclude that each alternative method of service of process ordered by the district court was constitutionally acceptable.")

Appellees further argue that this court lacks jurisdiction to determine whether Abbyy USA may be served as Abbyy Production's general manager, since Nuance never attempted to serve Abbyy USA as the substitute for Abbyy Production. To the contrary, attempted service is not a prerequisite. "As obvious from its plain language, service under Rule 4(f)(3) must be (1) directed by the court; and (2) not prohibited by international agreement. *No other limita-*

tions are evident from the text." *Rio Props.*, 284 F.3d at 1014 (emphasis added).

The court-ordered method of service must still be reasonable and comport with constitutional notions of due process. To meet this requirement, the method of service crafted by the court must be "reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950). This court finds that substitute service on Abbyy USA would satisfy this standard, as it is reasonably calculated to apprise Abbyy Production of the pendency of the action and afford it an opportunity to respond. Indeed, the *Trade Secret Magazine* article reveals that Abbyy USA was effectively passing information about this lawsuit to Abbyy Production even before Nuance attempted to serve Abbyy Production. "Dismissal is not appropriate when there is a reasonable prospect that service may yet be obtained." *Chapman v. Teamsters Local 853*, No. 07-1527, 2007 WL 3231736, at *3 (N.D. Cal. Oct. 30, 2007). On remand, the district court should therefore allow alternate service as it deems appropriate, including at least substitute service, pursuant to Rule 4(f)(3), of Abbyy Production by substitute service on Abbyy USA.

Nuance also appeals the district court's sua sponte dismissal of Abbyy Software under Rule 12(b)(5) for improper service of process. The district court's opinion did not include any analysis of Nuance's service on Abbyy Software separate and apart from its analysis of Abbyy Production. See *Nuance Commc'ns*, 2009 WL 2707390, at *2. Prior to Abbyy Software's dismissal, none of the parties provided any

argument regarding sufficiency of service of process on Abbyy Software.

The district court erred by dismissing Abbyy Software for improper service on its own initiative. *See Hemispherx Biopharma, Inc. v. Johannesburg Consol. Invs.*, 553 F.3d 1351, 1359 (11th Cir. 2008) ("Once a defendant has waived any objection to insufficient service of process, 'the court may not, either upon the defendant's motion or its own initiative,' dismiss on that ground.") (internal citations omitted); *Chute v. Walker*, 281 F.3d 314, 319-20 (1st Cir. 2002). Dismissal of Abbyy Software was particularly problematic because the district court denied Nuance any opportunity to show that its service was proper. *See Sanders v. Sw. Bell Tel., L.P.*, 544 F.3d 1101, 1111 (10th Cir. 2008) (reversing the district court's *sua sponte* dismissal for improper service of process under Rule 4(m) because the court did not give the plaintiffs notice and an opportunity to be heard). Dismissal was also particularly problematic because the district court discusses only service in Russia, which is irrelevant to service on Abbyy Software, a Cypriot entity. *See Nuance Commc'ns*, 2009 WL 2707390, at *1-2. Accordingly, this court reverses the district court's dismissal of Abbyy Software for improper service of process under Rule 12(b)(5). Further, under Rules 12(g) and 12(h)(1), the Abbyy defendants have waived this defense by failing to raise it in their first motion under Rule 12(b). *See Rates Tech. Inc. v. Nortel Networks Corp.*, 399 F.3d 1302, 1307 (Fed. Cir. 2005) (advising that a litigant must exercise great diligence in challenging service of process, as this defense is waived at the time "the first significant defensive move is made").

IV.

On review of the record, this court concludes that the district court erred when it declined to exercise jurisdiction over Abbyy Production and abused its discretion when it denied Nuance's request for jurisdictional discovery. This court further concludes that the district court erred when it dismissed the Abbyy defendants for improper service of process. This court vacates the district court's judgment and remands for further proceedings consistent with this opinion.

REVERSED-IN-PART, VACATED-IN-PART, and REMANDED.

COSTS

Each party shall bear its own costs.

APPENDIX D

Rule 4. Summons

(a) Contents; Amendments.

(1) *Contents.* A summons must:

(A) name the court and the parties;

(B) be directed to the defendant;

(C) state the name and address of the plaintiff's attorney or—if unrepresented—of the plaintiff;

(D) state the time within which the defendant must appear and defend;

(E) notify the defendant that a failure to appear and defend will result in a default judgment against the defendant for the relief demanded in the complaint;

(F) be signed by the clerk; and

(G) bear the court's seal.

(2) *Amendments.* The court may permit a summons to be amended.

(b) Issuance. On or after filing the complaint, the plaintiff may present a summons to the clerk for signature and seal. If the summons is properly completed, the clerk must sign, seal, and issue it to the plaintiff for service on the defendant. A summons—or a copy of a summons that is addressed to multiple defendants—must be issued for each defendant to be served.

(c) Service.

(1) *In General.* A summons must be served with a copy of the complaint. The plaintiff is responsible for having the summons and complaint served within

the time allowed by Rule 4(m) and must furnish the necessary copies to the person who makes service.

(2) *By Whom*. Any person who is at least 18 years old and not a party may serve a summons and complaint.

(3) *By a Marshal or Someone Specially Appointed*. At the plaintiff's request, the court may order that service be made by a United States marshal or deputy marshal or by a person specially appointed by the court. The court must so order if the plaintiff is authorized to proceed in forma pauperis under 28 U.S.C. § 1915 or as a seaman under 28 U.S.C. § 1916.

(d) Waiving Service.

(1) *Requesting a Waiver*. An individual, corporation, or association that is subject to service under Rule 4(e), (f), or (h) has a duty to avoid unnecessary expenses of serving the summons. The plaintiff may notify such a defendant that an action has been commenced and request that the defendant waive service of a summons. The notice and request must:

(A) be in writing and be addressed:

(i) to the individual defendant; or

(ii) for a defendant subject to service under Rule 4(h), to an officer, a managing or general agent, or any other agent authorized by appointment or by law to receive service of process;

(B) name the court where the complaint was filed;

(C) be accompanied by a copy of the complaint, two copies of a waiver form, and a prepaid means for returning the form;

(D) inform the defendant, using text prescribed in Form 5, of the consequences of waiving and not waiving service;

(E) state the date when the request is sent;

(F) give the defendant a reasonable time of at least 30 days after the request was sent—or at least 60 days if sent to the defendant outside any judicial district of the United States—to return the waiver; and

(G) be sent by first-class mail or other reliable means.

(2) *Failure to Waive.* If a defendant located within the United States fails, without good cause, to sign and return a waiver requested by a plaintiff located within the United States, the court must impose on the defendant:

(A) the expenses later incurred in making service; and

(B) the reasonable expenses, including attorney's fees, of any motion required to collect those service expenses.

(3) *Time to Answer After a Waiver.* A defendant who, before being served with process, timely returns a waiver need not serve an answer to the complaint until 60 days after the request was sent—or until 90 days after it was sent to the defendant outside any judicial district of the United States.

(4) *Results of Filing a Waiver.* When the plaintiff files a waiver, proof of service is not required and these rules apply as if a summons and complaint had been served at the time of filing the waiver.

(5) *Jurisdiction and Venue Not Waived.* Waiving service of a summons does not waive any objection to personal jurisdiction or to venue.

(e) Serving an Individual Within a Judicial District of the United States. Unless federal law provides otherwise, an individual—other than a minor, an incompetent person, or a person whose waiver has been filed—may be served in a judicial district of the United States by:

(1) following state law for serving a summons in an action brought in courts of general jurisdiction in the state where the district court is located or where service is made; or

(2) doing any of the following:

(A) delivering a copy of the summons and of the complaint to the individual personally;

(B) leaving a copy of each at the individual's dwelling or usual place of abode with someone of suitable age and discretion who resides there; or

(C) delivering a copy of each to an agent authorized by appointment or by law to receive service of process.

(f) Serving an Individual in a Foreign Country. Unless federal law provides otherwise, an individual—other than a minor, an incompetent person, or a person whose waiver has been filed--may be served at a place not within any judicial district of the United States:

(1) by any internationally agreed means of service that is reasonably calculated to give notice, such as those authorized by the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents;

(2) if there is no internationally agreed means, or if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice:

(A) as prescribed by the foreign country's law for service in that country in an action in its courts of general jurisdiction;

(B) as the foreign authority directs in response to a letter rogatory or letter of request; or

(C) unless prohibited by the foreign country's law, by:

(i) delivering a copy of the summons and of the complaint to the individual personally; or

(ii) using any form of mail that the clerk addresses and sends to the individual and that requires a signed receipt; or

(3) by other means not prohibited by international agreement, as the court orders.

(g) Serving a Minor or an Incompetent Person. A minor or an incompetent person in a judicial district of the United States must be served by following state law for serving a summons or like process on such a defendant in an action brought in the courts of general jurisdiction of the state where service is made. A minor or an incompetent person who is not within any judicial district of the United States must be served in the manner prescribed by Rule 4(f)(2)(A), (f)(2)(B), or (f)(3).

(h) Serving a Corporation, Partnership, or Association. Unless federal law provides otherwise or the defendant's waiver has been filed, a domestic or foreign corporation, or a partnership or other unincorporated

association that is subject to suit under a common name, must be served:

(1) in a judicial district of the United States:

(A) in the manner prescribed by Rule 4(e)(1) for serving an individual; or

(B) by delivering a copy of the summons and of the complaint to an officer, a managing or general agent, or any other agent authorized by appointment or by law to receive service of process and—if the agent is one authorized by statute and the statute so requires—by also mailing a copy of each to the defendant; or

(2) at a place not within any judicial district of the United States, in any manner prescribed by Rule 4(f) for serving an individual, except personal delivery under (f)(2)(C)(i).

(i) Serving the United States and Its Agencies, Corporations, Officers, or Employees.

(1) *United States*. To serve the United States, a party must:

(A)

(i) deliver a copy of the summons and of the complaint to the United States attorney for the district where the action is brought—or to an assistant United States attorney or clerical employee whom the United States attorney designates in a writing filed with the court clerk—or

(ii) send a copy of each by registered or certified mail to the civil-process clerk at the United States attorney's office;

(B) send a copy of each by registered or certified mail to the Attorney General of the United States at Washington, D.C.; and

(C) if the action challenges an order of a nonparty agency or officer of the United States, send a copy of each by registered or certified mail to the agency or officer.

(2) *Agency; Corporation; Officer or Employee Sued in an Official Capacity.* To serve a United States agency or corporation, or a United States officer or employee sued only in an official capacity, a party must serve the United States and also send a copy of the summons and of the complaint by registered or certified mail to the agency, corporation, officer, or employee.

(3) *Officer or Employee Sued Individually.* To serve a United States officer or employee sued in an individual capacity for an act or omission occurring in connection with duties performed on the United States' behalf (whether or not the officer or employee is also sued in an official capacity), a party must serve the United States and also serve the officer or employee under Rule 4(e), (f), or (g).

(4) *Extending Time.* The court must allow a party a reasonable time to cure its failure to:

(A) serve a person required to be served under Rule 4(i)(2), if the party has served either the United States attorney or the Attorney General of the United States; or

(B) serve the United States under Rule 4(i)(3), if the party has served the United States officer or employee.

(j) Serving a Foreign, State, or Local Government.

(1) *Foreign State.* A foreign state or its political subdivision, agency, or instrumentality must be served in accordance with 28 U.S.C. § 1608.

(2) *State or Local Government.* A state, a municipal corporation, or any other state-created governmental organization that is subject to suit must be served by:

(A) delivering a copy of the summons and of the complaint to its chief executive officer; or

(B) serving a copy of each in the manner prescribed by that state's law for serving a summons or like process on such a defendant.

(k) Territorial Limits of Effective Service.

(1) *In General.* Serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant:

(A) who is subject to the jurisdiction of a court of general jurisdiction in the state where the district court is located;

(B) who is a party joined under Rule 14 or 19 and is served within a judicial district of the United States and not more than 100 miles from where the summons was issued; or

(C) when authorized by a federal statute.

(2) *Federal Claim Outside State-Court Jurisdiction.* For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state's courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.

(l) Proving Service.,

(1) *Affidavit Required.* Unless service is waived, proof of service must be made to the court. Except for service by a United States marshal or deputy marshal, proof must be by the server's affidavit.

(2) *Service Outside the United States.* Service not within any judicial district of the United States must be proved as follows:

(A) if made under Rule 4(f)(1), as provided in the applicable treaty or convention; or

(B) if made under Rule 4(f)(2) or (f)(3), by a receipt signed by the addressee, or by other evidence satisfying the court that the summons and complaint were delivered to the addressee.

(3) *Validity of Service; Amending Proof.* Failure to prove service does not affect the validity of service. The court may permit proof of service to be amended.

(m) Time Limit for Service. If a defendant is not served within 120 days after the complaint is filed, the court—on motion or on its own after notice to the plaintiff—must dismiss the action without prejudice against that defendant or order that service be made within a specified time. But if the plaintiff shows good cause for the failure, the court must extend the time for service for an appropriate period. This subdivision (m) does not apply to service in a foreign country under Rule 4(f) or 4(j)(1).

(n) Asserting Jurisdiction over Property or Assets.

(1) *Federal Law.* The court may assert jurisdiction over property if authorized by a federal statute.

Notice to claimants of the property must be given as provided in the statute or by serving a summons under this rule.

(2) *State Law.* On a showing that personal jurisdiction over a defendant cannot be obtained in the district where the action is brought by reasonable efforts to serve a summons under this rule, the court may assert jurisdiction over the defendant's assets found in the district. Jurisdiction is acquired by seizing the assets under the circumstances and in the manner provided by state law in that district.

APPENDIX E

CONVENTION ON THE SERVICE ABROAD OF JUDICIAL AND EXTRAJUDICIAL DOCUMENTS IN CIVIL OR COMMERCIAL MATTERS

(Concluded 15 November 1965)

The States signatory to the present Convention,

Desiring to create appropriate means to ensure that judicial and extrajudicial documents to be served abroad shall be brought to the notice of the addressee in sufficient time,

Desiring to improve the organisation of mutual judicial assistance for that purpose by simplifying and expediting the procedure,

Have resolved to conclude a Convention to this effect and have agreed upon the following provisions:

Article 1

The present Convention shall apply in all cases, in civil or commercial matters, where there is occasion to transmit a judicial or extrajudicial document for service abroad.

This Convention shall not apply where the address of the person to be served with the document is not known.

CHAPTER I - JUDICIAL DOCUMENTS

Article 2

Each Contracting State shall designate a Central Authority which will undertake to receive requests for service coming from other Contracting States and to proceed in conformity with the provisions of Articles 3 to 6.

Each State shall organise the Central Authority in conformity with its own law.

Article 3

The authority or judicial officer competent under the law of the State in which the documents originate shall forward to the Central Authority of the State addressed a request conforming to the model annexed to the present Convention, without any requirement of legalisation or other equivalent formality.

The document to be served or a copy thereof shall be annexed to the request. The request and the document shall both be furnished in duplicate.

Article 4

If the Central Authority considers that the request does not comply with the provisions of the present Convention it shall promptly inform the applicant and specify its objections to the request.

Article 5

The Central Authority of the State addressed shall itself serve the document or shall arrange to have it served by an appropriate agency, either -

a) by a method prescribed by its internal law for the service of documents in domestic actions upon persons who are within its territory, or

b) by a particular method requested by the applicant, unless such a method is incompatible with the law of the State addressed.

Subject to sub-paragraph *(b)* of the first paragraph of this Article, the document may always be served by delivery to an addressee who accepts it voluntarily.

If the document is to be served under the first paragraph above, the Central Authority may require the document to be written in, or translated into, the official language or one of the official languages of the State addressed.

That part of the request, in the form attached to the present Convention, which contains a summary of the document to be served, shall be served with the document.

Article 6

The Central Authority of the State addressed or any authority which it may have designated for that purpose, shall complete a certificate in the form of the model annexed to the present Convention.

The certificate shall state that the document has been served and shall include the method, the place and the date of service and the person to whom the document was delivered. If the document has not been served, the certificate shall set out the reasons which have prevented service.

The applicant may require that a certificate not completed by a Central Authority or by a judicial authority shall be countersigned by one of these authorities.

The certificate shall be forwarded directly to the applicant.

Article 7

The standard terms in the model annexed to the present Convention shall in all cases be written either in French or in English. They may also be written in the official language, or in one of the official languages, of the State in which the documents originate.

The corresponding blanks shall be completed either in the language of the State addressed or in French or in English.

Article 8

Each Contracting State shall be free to effect service of judicial documents upon persons abroad, without application of any compulsion, directly through its diplomatic or consular agents.

Any State may declare that it is opposed to such service within its territory, unless the document is to be served upon a national of the State in which the documents originate.

Article 9

Each Contracting State shall be free, in addition, to use consular channels to forward documents, for the purpose of service, to those authorities of another Contracting State which are designated by the latter for this purpose.

Each Contracting State may, if exceptional circumstances so require, use diplomatic channels for the same purpose.

Article 10

Provided the State of destination does not object, the present Convention shall not interfere with -

a) the freedom to send judicial documents, by postal channels, directly to persons abroad,

b) the freedom of judicial officers, officials or other competent persons of the State of origin to effect service of judicial documents directly through the judicial officers, officials or other competent persons of the State of destination,

c) the freedom of any person interested in a judicial proceeding to effect service of judicial documents directly through the judicial officers, officials or other competent persons of the State of destination.

Article 11

The present Convention shall not prevent two or more Contracting States from agreeing to permit, for the purpose of service of judicial documents, channels of transmission other than those provided for in the preceding Articles and, in particular, direct communication between their respective authorities.

Article 12

The service of judicial documents coming from a Contracting State shall not give rise to any payment or reimbursement of taxes or costs for the services rendered by the State addressed.

The applicant shall pay or reimburse the costs occasioned by—

a) the employment of a judicial officer or of a person competent under the law of the State of destination,

b) the use of a particular method of service.

Article 13

Where a request for service complies with the terms of the present Convention, the State addressed may refuse to comply therewith only if it deems that compliance would infringe its sovereignty or security.

It may not refuse to comply solely on the ground that, under its internal law, it claims exclusive jurisdiction over the subject-matter of the action or

that its internal law would not permit the action upon which the application is based.

The Central Authority shall, in case of refusal, promptly inform the applicant and state the reasons for the refusal.

Article 14

Difficulties which may arise in connection with the transmission of judicial documents for service shall be settled through diplomatic channels.

Article 15

Where a writ of summons or an equivalent document had to be transmitted abroad for the purpose of service, under the provisions of the present Convention, and the defendant has not appeared, judgment shall not be given until it is established that -

a) the document was served by a method prescribed by the internal law of the State addressed for the service of documents in domestic actions upon persons who are within its territory, or

b) the document was actually delivered to the defendant or to his residence by another method provided for by this Convention,

and that in either of these cases the service or the delivery was effected in sufficient time to enable the defendant to defend.

Each Contracting State shall be free to declare that the judge, notwithstanding the provisions of the first paragraph of this Article, may give judgment even if no certificate of service or delivery has been received, if all the following conditions are fulfilled -

a) the document was transmitted by one of the methods provided for in this Convention,

b) a period of time of not less than six months, considered adequate by the judge in the particular case, has elapsed since the date of the transmission of the document,

c) no certificate of any kind has been received, even though every reasonable effort has been made to obtain it through the competent authorities of the State addressed.

Notwithstanding the provisions of the preceding paragraphs the judge may order, in case of urgency, any provisional or protective measures.

Article 16

When a writ of summons or an equivalent document had to be transmitted abroad for the purpose of service, under the provisions of the present Convention, and a judgment has been entered against a defendant who has not appeared, the judge shall have the power to relieve the defendant from the effects of the expiration of the time for appeal from the judgment if the following conditions are fulfilled—

a) the defendant, without any fault on his part, did not have knowledge of the document in sufficient time to defend, or knowledge of the judgment in sufficient time to appeal, and

b) the defendant has disclosed a *prima facie* defence to the action on the merits.

An application for relief may be filed only within a reasonable time after the defendant has knowledge of the judgment.

Each Contracting State may declare that the application will not be entertained if it is filed after the expiration of a time to be stated in the declaration, but which shall in no case be less than one year following the date of the judgment.

This Article shall not apply to judgments concerning status or capacity of persons.

CHAPTER II - EXTRAJUDICIAL DOCUMENTS

Article 17

Extrajudicial documents emanating from authorities and judicial officers of a Contracting State may be transmitted for the purpose of service in another Contracting State by the methods and under the provisions of the present Convention.

CHAPTER III - GENERAL CLAUSES

Article 18

Each Contracting State may designate other authorities in addition to the Central Authority and shall determine the extent of their competence.

The applicant shall, however, in all cases, have the right to address a request directly to the Central Authority.

Federal States shall be free to designate more than one Central Authority.

Article 19

To the extent that the internal law of a Contracting State permits methods of transmission, other than those provided for in the preceding Articles, of documents coming from abroad, for service within its territory, the present Convention shall not affect such provisions.

Article 20

The present Convention shall not prevent an agreement between any two or more Contracting States to dispense with -

a) the necessity for duplicate copies of transmitted documents as required by the second paragraph of Article 3,

b) the language requirements of the third paragraph of Article 5 and Article 7,

c) the provisions of the fourth paragraph of Article 5,

d) the provisions of the second paragraph of Article 12.

Article 21

Each Contracting State shall, at the time of the deposit of its instrument of ratification or accession, or at a later date, inform the Ministry of Foreign Affairs of the Netherlands of the following—

a) the designation of authorities, pursuant to Articles 2 and 18,

b) the designation of the authority competent to complete the certificate pursuant to Article 6,

c) the designation of the authority competent to receive documents transmitted by consular channels, pursuant to Article 9.

Each Contracting State shall similarly inform the Ministry, where appropriate, of—

a) opposition to the use of methods of transmission pursuant to Articles 8 and 10,

b) declarations pursuant to the second paragraph of Article 15 and the third paragraph of Article 16,

c) all modifications of the above designations, oppositions and declarations.

Article 22

Where Parties to the present Convention are also Parties to one or both of the Conventions on civil procedure signed at The Hague on 17th July 1905, and on 1st March 1954, this Convention shall replace as between them Articles 1 to 7 of the earlier Conventions.

Article 23

The present Convention shall not affect the application of Article 23 of the Convention on civil procedure signed at The Hague on 17th July 1905, or of Article 24 of the Convention on civil procedure signed at The Hague on 1st March 1954.

These Articles shall, however, apply only if methods of communication, identical to those provided for in these Conventions, are used.

Article 24

Supplementary agreements between Parties to the Conventions of 1905 and 1954 shall be considered as equally applicable to the present Convention, unless the Parties have otherwise agreed.

Article 25

Without prejudice to the provisions of Articles 22 and 24, the present Convention shall not derogate from Conventions containing provisions on the matters governed by this Convention to which the Contracting States are, or shall become, Parties.

Article 26

The present Convention shall be open for signature by the States represented at the Tenth Session of the Hague Conference on Private International Law.

It shall be ratified, and the instruments of ratification shall be deposited with the Ministry of Foreign Affairs of the Netherlands.

Article 27

The present Convention shall enter into force on the sixtieth day after the deposit of the third instrument of ratification referred to in the second paragraph of Article 26.

The Convention shall enter into force for each signatory State which ratifies subsequently on the sixtieth day after the deposit of its instrument of ratification.

Article 28

Any State not represented at the Tenth Session of the Hague Conference on Private International Law may accede to the present Convention after it has entered into force in accordance with the first paragraph of Article 27. The instrument of accession shall be deposited with the Ministry of Foreign Affairs of the Netherlands.

The Convention shall enter into force for such a State in the absence of any objection from a State, which has ratified the Convention before such deposit, notified to the Ministry of Foreign Affairs of the Netherlands within a period of six months after the date on which the said Ministry has notified it of such accession.

In the absence of any such objection, the Convention shall enter into force for the acceding State on the first day of the month following the expiration of the last of the periods referred to in the preceding paragraph.

Article 29

Any State may, at the time of signature, ratification or accession, declare that the present Convention shall extend to all the territories for the international relations of which it is responsible, or to one or more of them. Such a declaration shall take effect on the date of entry into force of the Convention for the State concerned.

At any time thereafter, such extensions shall be notified to the Ministry of Foreign Affairs of the Netherlands.

The Convention shall enter into force for the territories mentioned in such an extension on the sixtieth day after the notification referred to in the preceding paragraph.

Article 30

The present Convention shall remain in force for five years from the date of its entry into force in accordance with the first paragraph of Article 27, even for States which have ratified it or acceded to it subsequently.

If there has been no denunciation, it shall be renewed tacitly every five years.

Any denunciation shall be notified to the Ministry of Foreign Affairs of the Netherlands at least six months before the end of the five year period.

It may be limited to certain of the territories to which the Convention applies.

The denunciation shall have effect only as regards the State which has notified it. The Convention shall remain in force for the other Contracting States.

Article 31

The Ministry of Foreign Affairs of the Netherlands shall give notice to the States referred to in Article 26, and to the States which have acceded in accordance with Article 28, of the following—

a) the signatures and ratifications referred to in Article 26;

b) the date on which the present Convention enters into force in accordance with the first paragraph of Article 27;

c) the accessions referred to in Article 28 and the dates on which they take effect;

d) the extensions referred to in Article 29 and the dates on which they take effect;

e) the designations, oppositions and declarations referred to in Article 21;

f) the denunciations referred to in the third paragraph of Article 30.

In witness whereof the undersigned, being duly authorised thereto, have signed the present Convention.

Done at The Hague, on the 15th day of November, 1965, in the English and French languages, both texts being equally authentic, in a single copy which shall be deposited in the archives of the Government of the Netherlands, and of which a certified copy

shall be sent, through the diplomatic channel, to each of the States represented at the Tenth Session of the Hague Conference on Private International Law.

APPENDIX F

§ 271. Infringement of patent

(a) Except as otherwise provided in this title [35 USCS §§ 1 et seq.], whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the

patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.

(e)

(1) It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

(2) It shall be an act of infringement to submit—

(A) an application under section 505(j) of the Federal Food, Drug, and Cosmetic Act [21 USCS § 355(j)] or described in section 505(b)(2) of such Act [21 USCS § 355(b)(2)] for a drug claimed in a patent or the use of which is claimed in a patent,

(B) an application under section 512 of such Act [21 USCS § 360b] or under the Act of March 4, 1913 (21 U.S.C. 151-158) for a drug or veterinary biological product which is not primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving

site specific genetic manipulation techniques and which is claimed in a patent or the use of which is claimed in a patent, or

(C) (i) with respect to a patent that is identified in the list of patents described in section 351(1)(3) of the Public Health Service Act [42 USCS § 262(1)(3)] (including as provided under section 351(1)(7) of such Act [42 USCS § 262(1)(7)]), an application seeking approval of a biological product, or

(ii) if the applicant for the application fails to provide the application and information required under section 351(1)(2)(A) of such Act [42 USCS § 262(1)(2)(A)], an application seeking approval of a biological product for a patent that could be identified pursuant to section 351(1)(3)(A)(i) of such Act [42 USCS § 262(l)(3)(A)(i)],

if the purpose of such submission is to obtain approval under such Act to engage in the commercial manufacture, use, or sale of a drug, veterinary biological product, or biological product claimed in a patent or the use of which is claimed in a patent before the expiration of such patent.

(3) In any action for patent infringement brought under this section, no injunctive or other relief may be granted which would prohibit the making, using, offering to sell, or selling within the United States or importing into the United States of a patented invention under paragraph (1).

(4) For an act of infringement described in paragraph (2)—

(A) the court shall order the effective date of any approval of the drug or veterinary biological product involved in the infringement to be a date

which is not earlier than the date of the expiration of the patent which has been infringed,

(B) injunctive relief may be granted against an infringer to prevent the commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product,

(C) damages or other monetary relief may be awarded against an infringer only if there has been commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product, and

(D) the court shall order a permanent injunction prohibiting any infringement of the patent by the biological product involved in the infringement until a date which is not earlier than the date of the expiration of the patent that has been infringed under paragraph (2)(C), provided the patent is the subject of a final court decision, as defined in section 351(k)(6) of the Public Health Service Act [42 USCS § 262(k)(6)], in an action for infringement of the patent under section 351(1)(6) of such Act [42 USCS § 262(1)(6)], and the biological product has not yet been approved because of section 351(k)(7) of such Act [42 USCS § 262(k)(7)].

The remedies prescribed by subparagraphs (A), (B), (C), and (D) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under section 285 [35 USCS § 285].

(5) Where a person has filed an application described in paragraph (2) that includes a certification under subsection (b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) of section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355), and neither the owner of the patent that is the subject of the certification nor the holder of the approved application under subsection (b) of such section for the drug that is claimed by the patent or a use of which is claimed by the patent brought an action for infringement of such patent before the expiration of 45 days after the date on which the notice given under subsection (b)(3) or (j)(2)(B) of such section was received, the courts of the United States shall, to the extent consistent with the Constitution, have subject matter jurisdiction in any action brought by such person under section 2201 of title 28 for a declaratory judgment that such patent is invalid or not infringed.

(6) (A) Subparagraph (B) applies, in lieu of paragraph (4), in the case of a patent –

(i) that is identified, as applicable, in the list of patents described in section 351(1)(4) of the Public Health Service Act [42 USCS § 262(l)(4)] or the lists of patents described in section 351(1)(5)(B) of such Act [42 USCS § 262(1)(5)(B)] with respect to a biological product; and

(ii) for which an action for infringement of the patent with respect to the biological product –

(I) was brought after the expiration of the 30-day period described in subparagraph (A) or (B), as applicable, of section 351(1)(6) of such Act [42 USCS § 262(1)(6)]; or

(II) was brought before the expiration of the 30-day period described in subclause (I), but

which was dismissed without prejudice or was not prosecuted to judgment in good faith.

(B) In an action for infringement of a patent described in subparagraph (A), the sole and exclusive remedy that may be granted by a court, upon a finding that the making, using, offering to sell, selling, or importation into the United States of the biological product that is the subject of the action infringed the patent, shall be a reasonable royalty.

(C) The owner of a patent that should have been included in the list described in section 351(1)(3)(A) of the Public Health Service Act [42 USCS § 262(1)(3)(A)], including as provided under section 351 (1)(7) of such Act [42 USCS § 262(1)(7)] for a biological product, but was not timely included in such list, may not bring an action under this section for infringement of the patent with respect to the biological product.

(f)

(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where

such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(g) Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

(1) it is materially changed by subsequent processes; or

(2) it becomes a trivial and nonessential component of another product.

(h) As used in this section, the term "whoever" includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

(i) As used in this section, an "offer for sale" or an "offer to sell" by a person other than the patentee, or any designee of the patentee, is that in which the sale will occur before the expiration of the term of the patent.